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In the Supreme Court of the United States

SAP AG AND SAP AMERICA, INC.,
Petitioners,
v.
SKY TECHNOLOGIES LLC,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

The Patent Act identifies only three classes of patent owners with standing to sue for infringement: "patentee[s]," "heirs," and "assigns." This Court has repeatedly held that these three classes—unchanged since 1870—comprise the exclusive set of patent owners and that the transfer of legal title in and to a patent requires an assignment in writing. Respondent is not the original patentee, is not an heir, and has no written assignment from the original patent owner. The United States Court of Appeals for the Federal Circuit nevertheless held that Respondent had standing to sue for infringement because a non-judicial state law foreclosure "transferred" legal title to the patents-in-suit by operation of law.

Did the Federal Circuit err when it held that the Patent Act allows the states to create additional, non-statutory classes of patent owners—including "transfer[ee]s" who may take title without any writing at all?

LIST OF PARTIES AND RULE 29.6 STATEMENT

The names of the parties before the United States Court of Appeals for the Federal Circuit appear in the caption of the petition for a Writ of Certiorari.

Petitioners, SAP AG and SAP America, Inc., are publicly held companies. SAP AG is the parent corporation of SAP America, Inc. and holds more than 10% of the stock of SAP America, Inc. SAP AG has no parent corporation and no publicly held corporation holds more than 10% of SAP AG's stock.

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PETITION FOR A WRIT OF CERTIORARI

Petitioners SAP AG and SAP America, Inc. ("Petitioners" or "SAP") respectfully petition this Court for a writ of certiorari to review the decision entered by the United States Court of Appeals for the Federal Circuit in this action.

OPINIONS BELOW

The opinion of the Federal Circuit (App. 1a-16a) is reported at 576 F.3d 1374 (Fed. Cir. 2009). The Federal Circuit's order granting Petitioners permission to file this interlocutory appeal (App. at 17a-20a) is reported at 296 Fed. Appx. 10 (Fed. Cir. 2008). The July 15, 2008 opinion of the District Court (App. at 21a-30a) certifying for interlocutory appeal its June 4, 2008 opinion is reported at 2008 WL 2775487. The June 4, 2008 opinion of the District Court (App. at 31a-56a) is reported at 2008 WL 5234644. The March 20, 2008 opinion of the District Court for the Eastern District of Texas (App. at 57a-81a) is unreported.

JURISDICTION

The Federal Circuit entered judgment on August 20, 2009 (App. at 1a-16a) and entered an order denying rehearing (App. at 82a-84a) on October 28, 2009.

This Court has jurisdiction under 28 U.S.C. §1254(1). The Federal Circuit exercised jurisdiction pursuant to 28 U.S.C. §1292(b) and 28 U.S.C. §1292(c)(1). The District Court's jurisdiction was invoked under 28 U.S.C. §1338 (exclusive federal jurisdiction in patent cases) and 28 U.S.C. §1331 (general federal question jurisdiction).

STATUTORY PROVISIONS INVOLVED

This petition concerns the statutory requirements for standing in a patent case for classes of persons other than patentees or heirs under 35 U.S.C. §154(a)(1) and 35 U.S.C. §261.

35 U.S.C. §154(a)(1) provides:

"Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States, and, if the invention is a process, of the right to exclude others from using, offering for sale or selling throughout the United States, or importing into the United States, products made by that process, referring to the specification for the particulars thereof."

35 U.S.C. §261 provides:

"Subject to the provisions of this title, patents shall have the attributes of personal property.

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

A certificate of acknowledgment under the hand and official seal of a person authorized to administer oaths within the United States, or, in a foreign country, of a diplomatic or consular officer of the United States or an officer authorized to administer oaths whose authority is proved by a certificate of a diplomatic or consular officer of the United States, or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States, shall be prima facie evidence of the execution of an assignment, grant or conveyance of a patent or application for patent.

An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage."

STATEMENT OF THE CASE

For over 200 years Congress has statutorily defined the limited classes of persons with standing to enforce a United States patent. This case presents the important question of whether these statutory classes are exemplary, and not exclusive, such that the states may create additional classes based on what the Federal Circuit explicitly determined were "public policy justifications."

According to the Federal Circuit, title to a patent can be transferred without a writing, despite the clear mandate of Section 154 of the Patent Act that only the "patentee, his heirs or assigns" may be granted a patent, the clear mandate in Section 261 that all transfers to "assigns" be "in writing," and this Court's equally clear holding from over seventy years ago that title to a patent "can pass only by assignment." *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933). According to the Federal Circuit, the class of persons with standing to sue for patent infringement was not limited by Congress in Section 154, such that a Section 261 writing is required of all parties other than the patentee and his heirs, but instead is subject to unlimited expansion by each of the States.

The Federal Circuit could only reach this conclusion by devising a non-textual and unprecedented reading of the statutory scheme for patent ownership designed by Congress. Patents are "created by the act of Congress" and interests in them can only be acquired "[as] authorized by statute, and in the manner the statute prescribes." *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 494 (1850). Starting with the Patent Act of 1790, Congress clearly defined the set of persons authorized to receive a patent grant and to sue for infringement of the monopoly granted. *See* Patent Act of 1790, ch. 7, 1 Stat. 109-112, §§1, 4 (Apr. 10, 1790) (App. at 85a-87a); *Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24, 41 (1923). Today this set of persons is "the patentee, his heirs or assigns." 35 U.S.C. §154(a)(1); *see also* 35 U.S.C. §281.

Congress has just as clearly defined the manner for passing patent ownership to assigns—"patents, or any interest therein, shall be assignable in law by an instrument in writing." 35 U.S.C. §261. This time-tested rule has remained nearly unchanged since Congress enacted it in 1836. *See* Patent Act of 1836, ch. 357, 5 Stat. 117, §11 (July 4, 1836) (App. at 89a) ("patent[s] shall be assignable in law, either as to the whole interest, or any undivided part thereof, by any instrument in writing[.]").

As this Court has noted, Congress crafted the statutory scheme for patent ownership to "surround the conveyance of patent property with safeguards resembling those usually attaching to that of land." *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 349 (1924). Such safeguards are needed for a multitude of reasons including providing public notice of patent ownership, *CMS Indus., Inc. v. L. P. S. Int'l, Ltd.*, 643 F.2d 289, 294 (5th Cir. 1981), preventing parties to patent transfers from "engag[ing] in revisionist history" by recharacterizing their actions to suit their present needs, *Enzo APA & Son, Inc. v. Geapag A.G.*, 134 F.3d 1090, 1093 (Fed. Cir. 1998), and protecting litigants and the courts from unverifiable claims of patent ownership. *Standard Elevator Co. v. Crane Elevator Co.*, 76 F. 767, 790 (7th Cir. 1896).

This Court has recognized the importance of Congress' statutory scheme by holding that Congress' written assignment requirement is the sole statutory mechanism for transferring legal title to a patent: "[a] patent is property, and ***title to it can pass only by assignment***." *Dubilier*, 289 U.S. at

187 (emphasis added); *see also United States v. Solomon*, 825 F.2d 1292, 1296 (9th Cir. 1987) ("[T]he necessity of a writing, like the necessity of an automobile certificate or a deed, to effect a valid transfer of a patent right has long been a matter of hornbook law."), *cert. denied*, 484 U.S. 1046 (1988). This Court has even recognized that a "debtor's interest in the patent-rights is property, assignable by him, and which cannot be taken on execution at law." *Ager v. Murray*, 105 U.S. 126, 131 (1881). The Federal Circuit, however, has embarked on a different and conflicting path—one that undermines Congress' carefully crafted statutory scheme—by holding that writings are not at all required to "transfer" patents from a debtor or any other patentee. The Federal Circuit's decision thus nullifies Congress' statutory scheme for patent ownership and replaces it with one of the Federal Circuit's devising, violating the basic separation of powers underlying our Constitutional system: "Congress expresses its purpose by words. It is for us to ascertain—neither to add nor to subtract, neither to delete nor to distort." *62 Cases v. United States*, 340 U.S. 593, 596 (1951).

The practical consequence of the Federal Circuit's decision is to create, rather than avoid, additional conflict and uncertainty regarding what the Federal Circuit itself described as "a large number of patent titles presently subject to security interests." 576 F.3d at 1381 (App. 15a). Under the Federal Circuit's reasoning in this case, purported patent owners no longer need to prove their chain of title using written assignments—they can allege transfers of title by the operation of any number of state laws. Not only does this empower the states to define and control who may appear in federal court to enforce federal patent rights, it also creates overwhelming uncertainty and additional litigation for the federal courts. Furthermore, because the Federal Circuit's decision was based on Massachusetts' implementation of the Uniform Commercial Code ("U.C.C.") and because all claims of patent infringement are appealable only to the Federal Circuit, without this Court's intervention the Federal Circuit's erroneous decision will quickly spread to each of the fifty states. The effects of the Federal Circuit's decision are so far-reaching—indeed, even the Federal Circuit recognized the decision as "significantly" affecting the "value of patents" generally, *id.* (App. 15a)—that this case warrants this Court's review.

A. Factual background

Respondent Sky Technologies LLC ("Sky") asserts infringement of five United States patents in this lawsuit. 576 F.3d at 1376 n.1 (App. 3a n.1). The named inventors for each of the five patents-in-suit assigned all their rights in the patents-in-suit to Ozro, Inc.[1] by written instrument in the late 1990s. *Id.* at 1376 (App. 3a).

Ozro executed two separate security agreements that were ultimately consolidated with

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[1] Ozro was originally named TradeAccess, Inc. *See* 576 F.3d at 1376 (App. 3a). "Ozro" as used herein refers to TradeAccess and Ozro collectively. Ozro is a separate and distinct entity from Respondent Sky. *Id.* at 1377 (App. 5a-6a).

Cross Atlantic Capital Partners, Inc. ("XACP"). *Id.* at 1376-77 (App. 3a-5a). These agreements secured two separate loans to Ozro with security interests in all of Ozro's intellectual property, including the patents-in-suit. *Id.* (App. 4a). Both security interests included a Massachusetts choice-of-law provision. *Id.* at 1377 (App. 4a-5a).

XACP subsequently conducted a foreclosure sale of its security interests in Ozro's intellectual property by public auction. *Id.* at 1378 (App. 6a). XACP was the only bidder at the auction. *Id.* at 1378 (App. 6a-7a). Despite XACP's winning bid, Ozro did not sign any written instrument assigning legal title to any of its intellectual property—including the patents-in-suit—to XACP. *Id.* (App. 7a). Nor did XACP secure any court order compelling Ozro to assign the patents-in-suit by a written assignment.

Nevertheless, XACP assigned to Sky whatever "right[s], title, and interest" it held in the patents-in-suit. *Id.* (App. 7a) (alteration in original).

B. Proceedings before the District Court

The present controversy began when Sky filed a patent infringement suit against SAP in the United States District Court for the Eastern District of Texas. *Id.* (App. 7a).

SAP moved to dismiss Sky's case for lack of standing based on Sky and XACP's failure to secure legal title to the asserted patents by written assignment prior to filing suit against SAP. *Id.* (App. 7a). After considering SAP's motion, the District

Court requested supplemental briefing on the issue of Sky's standing. *Id.* (App. 7a). The District Court subsequently ruled that legal title to the patents-in-suit transferred from Ozro to XACP by operation of the applicable Massachusetts state law—Article 9 of the U.C.C.—following XACP's foreclosure of its security interests in Ozro's intellectual property. *Id.* (App. 7a-8a). SAP then moved for certification for interlocutory appeal to the Federal Circuit. *Id.* (App. 8a).

Finding that "substantial grounds for difference of opinion exist regarding the question of whether a transfer of title through operation of law without a written assignment may apply in situations that do not involve heirs or probate law," the District Court granted SAP's motion and certified its order for interlocutory appeal, *id.* (App. 8a), which was subsequently accepted by the Federal Circuit. *Id.* (App. 8a).

C. The Federal Circuit's opinion

Even though Section 154(a) of the Patent Act limits the grant of patent rights to just "the patentee, his heirs or assigns," and even though Section 261 declares that all patent assignments must be "in writing," a panel of the Federal Circuit held that "assignment is not the only method by which to transfer patent ownership" and that "[the] transfer of patent ownership by operation of law is permissible without a writing." *Id.* at 1380 (App. 12a).

The Federal Circuit then determined that under the applicable provisions of the U.C.C. a creditor with a security interest in a patent takes legal title to the patent by operation of law following foreclosure. *Id.* at 1380-1381 (App. 13a). Because XACP foreclosed on its security interests in Ozro's intellectual property, including the patents-in-suit, under these provisions of the U.C.C., the Federal Circuit held that legal title to the patents-in-suit transferred from Ozro to XACP following XACP's foreclosure sale. *Id.* (App. 13a).

Based on its conclusion that Congress left open the possibility of patent transfers under state law other than assignments, the Federal Circuit rejected any conflict between Massachusetts and federal law resulting from its determination. *Id.* at 1381 (App. 15a). The Federal Circuit finally held that patent transfers other than assignments were further justified by its assessment of various "policy justifications." *Id.* (App. 15a).

REASONS FOR GRANTING PETITION

The Federal Circuit's decision in this case upsets the longstanding balance struck by Congress regarding who may invoke the substantial and exclusive powers afforded by a United States patent and who may not. Not only has the Federal Circuit ignored the plain language of the Patent Act, it has ignored this Court's well-settled precedent on the subject, all on the basis of its own policy determinations, which in fact create, rather than avoid, conflict and uncertainty for the "large number[s] of patent titles presently subject to security interests." *Id.* (App. 15a).

A. Congress and this Court have long required a "writing" to transfer patent title to persons other than patentees and heirs

The right to exclude—the monopoly—conferred by a patent is "a reward, an inducement, to bring forth new knowledge." *Graham v. John Deere Co.*, 383 U.S. 1, 9 (1966). Because this monopoly is "at odds with the inherent free nature of disclosed ideas," it is one that is "not to be freely given." *Id.* Recognizing that the States could not "make effectual provisions" to confer and control this unique right, the framers vested Congress with the power to confer both this unique right and the standing to enforce it. *See* THE FEDERALIST No. 43 (James Madison). The history of Congress' exercise of this power is critical to both an understanding of the Federal Circuit's opinion and an appreciation of the profound ramifications of this case to the continued vitality of the standing doctrine in patent cases.

The very first Congress enacted the Patent Act of 1790, ch. 7, 1 Stat. 109-112 (Apr. 10, 1790) (App. 85a-87a) ("Patent Act of 1790"). Ever since, it has been "the duty of the Commissioner of Patents and of the courts in the administration of the patent system to give effect to the constitutional standard by appropriate application, in each case, of the statutory scheme of the Congress." *Graham*, 383 U.S. at 6.

In the Patent Act of 1790, Congress defined the set of persons authorized to receive a patent grant as the "petitioner or petitioners, his, her, or their Heirs, Administrators or assigns[.]" Patent Act of 1790, §1 (App. 85a-86a). Congress similarly defined the class of people entitled to sue for infringement as "the Patentee or Patentees, their Executors, Administrators or Assigns[.]" *Id.* at §4 (App. 86a). While the first Patent Act did not address whether patent assignments had to be in writing, Congress acted in the context of the common law, and the common law required a deed—much more than a mere writing—to assign a patent: "[the] patent privilege or monopoly could not be assigned at common law, except by deed, for the reason that, being a franchise and part of the royal prerogative, it could only subsist by royal grant." *Baldwin v. Sibley*, 2 F. Cas. 534, 536 (C.C.N.H. 1858) (No. 805).

Congress' next major revision to the Patent Act's provisions regarding ownership and standing to sue for infringement occurred in 1836. Congress retained the provision that patents could be granted only to "the applicant or applicants, his or their heirs, administrators, executors, or assigns," Patent Act of 1836, ch. 357, 5 Stat. 117, §5 (July 4, 1836) (App. 89a),[2] but otherwise limited the set of persons who could sue for patent infringement to just "patentees, assignees, or [] grantees[.]"[3] *Id.* at §14 (App. 90a). Congress also imposed an explicit, statutory requirement that all assignments of patents be in writing: "every patent shall be assignable in law, either as to the whole interest, or any undivided part thereof, by any instrument in writing[.]" *Id.* at §11 (App. 89a).

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[2] This change in terminology did not affect the substantive law. *De la Vergne Refrigerating Mach. Co. v. Featherstone*, 147 U.S. 209, 224-25 (1893).

[3] Grantees are a sub-class of assignees that only hold and can only enforce the exclusive rights granted by a patent within a specific part of the United States. *Moore v. Marsh*, 74 U.S. (7 Wall.) 515, 521 (1868).

In *Gayler v. Wilder*, this Court interpreted these provisions of the 1836 Patent Act and held that because the patent right "is created by the act of Congress; [] no rights can be acquired in it unless authorized by the statute, and in the manner the statute prescribes." 51 U.S. (10 How.) at 494. According to this Court, one could "sue in his own name for an infringement of his [patent] rights," only by obtaining an assignment "convey[ing] to him the entire and unqualified monopoly." *Id.* Such assignments "must be in writing." *Id.* at 493. Unlike the Federal Circuit, this Court drew no distinctions between unwritten "transfers" and written "assignments" of the exclusive right conferred by a patent: "Fitzgerald sets up no claim against the assignment, and to require another to complete the transfer would be mere form." *Id.* at 494.

In *Moore v. Marsh*, this Court held that Section 14 of the 1836 Patent Act permitted only patentees, assignees, and grantees to sue for patent infringement. 74 U.S. (7 Wall.) 515, 520 (1868). Before an assignee could sue in its own name, the assignee had to "hold[] by a valid assignment in writing, the whole interest of a patent." *Id.* Grantees, a sub-class of assignees who held and could enforce the exclusive right only within a part of the United States, also had to acquire their grants "in writing." *Id.* at 521.[4] Again, this Court did not distinguish between unwritten "transfers" and written "assignments" of the exclusive right, holding instead that "it is a great mistake to suppose that the assignment of a patent carries with it a transfer of the right to damages for an infringement committed before such assignment" and that "[s]ubsequent sale and transfer of the exclusive right are no bar to an action to recover damages for an infringement committed before such sale and transfer." *Id.* at 522.

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[4] The terms "assignment," "grant," and "conveyance" in Section 261 continue to have important technical meanings in patent

In 1870, Congress again revised these sections of the Patent Act. *See* Patent Act of 1870, ch. 230, 16 Stat. 198-217, §§22, 36, 59 (July 8, 1870) (App. 91a-92a). Section 22, like the present Section 154(a)(1), stated that the persons authorized to receive a patent grant were "the patentee, his heirs or assigns."[5] *Id.* at §22, Revised Stat. §4884 (App. 91a). Section 59 continued to provide that only a "patentee, assignee, or grantee" could sue for infringement. *Id.* at §59, Revised Stat. §4919 (App. 92a). And Section 36, just like the present Section 261, continued to require written assignments of patent rights: "every patent or any interest therein shall be assignable in law, by an instrument in writing." *Id.* at §36, Revised Stat. §4898 (App. 92a). This Court's decisions interpreting these provisions and their terms are particularly significant because the consistency of Congress' language between the Patent Act of 1870 and the present Patent Act

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law. *See, e.g.*, *In re Cybernetic Servs., Inc.*, 252 F.3d 1039, 1049-1052 (9th Cir. 2001).

[5] This change in terminology also did not affect the substantive law. *De la Vergne*, 147 U.S. at 224-25.

requires the terms in the present statute to be given the "meaning that they had in 1870." *Cybernetic Servs.*, 252 F.3d at 1048 (citing *Perrin v. United States*, 444 U.S. 37, 42 (1979)).

In *Ager v. Murray*, this Court was asked to determine whether the 1870 Patent Act permitted a creditor to take a debtor's patent rights by execution at law. 105 U.S. 126, 131-32 (1881). After observing that a debtor's patents passed by assignment to bankruptcy trustees appointed under English law and the federal Bankruptcy Act, *id.* at 128-29, this Court held that, in contrast, a debtor's patents did ***not*** pass to bankruptcy trustees appointed under ***state*** law without a separate assignment:

> an assignee in insolvency, or a receiver, of all the property of a debtor, appointed under the laws of a State, does not, by virtue of the general assignment or appointment merely, without any conveyance made by the debtor or specifically ordered by the court, acquire a title in patent-rights.
> *Id.* at 131.

This Court then held that a transfer of patent title to satisfy a debt enforceable under state law could not occur without a written assignment from the debtor: "[t]here would certainly be great difficulty in assenting to the proposition that patent and copyrights, held under the laws of the United States, are subject to seizure and sale on execution." *Id.* at 130 (quoting *Stevens v. Gladding*, 58 U.S. (17 How.) 447, 451 (1854)). State law creditors, like state law bankruptcy creditors, needed a written assignment to obtain a debtor's patent rights: "[t]he debtor's interest in the patent-rights is property, assignable by him, and which cannot be taken on execution at law." *Id.* at 131. Because Congress required written assignments to transfer patents, this Court permitted a trustee to be appointed "to execute an assignment if the patentee should not himself execute one." *Id.* at 132. The Courts of Appeal and the states subsequently recognized and consistently applied this rule. *See, e.g., McClaskey v. Harbison-Walker Refractories Co.*, 138 F.2d 493 (3d Cir. 1943); *Newton v. Buck*, 77 F. 614 (2d Cir. 1896); *Wilson v. Martin-Wilson Automatic Fire-Alarm Co.*, 151 Mass. 515, 519 (1890); *Peterson v. Sherriff of San Francisco*, 115 Cal. 211, 213 (1896). In interpreting the analogous written assignment provision for the transfer of registered federal trademarks in the Lanham Act, 15 U.S.C. §1060(a)(3) ("Assignments shall be by instruments in writing duly executed"), federal courts also follow this rule. *See, e.g., In re Roman Cleanser Co.*, 43 B.R. 940, 948 n.4 (Bankr. E.D. Mich. 1984), *aff'd*, 802 F.2d 207 (6th Cir. 1986); *In re C.C. & Co.*, 86 B.R. 485, 487 (Bankr. E.D. Va. 1988).

Ten years after *Ager*, this Court was again called upon to interpret the Patent Act's written assignment requirement in *Waterman v. Mackenzie*, 138 U.S. 252 (1891). In *Waterman*, this Court held that the monopoly granted to "the patentee, his heirs and assigns" was "one entire thing" that could not be divided except as authorized by Congress. *Id.* at 255. Because of the written assignment requirement imposed by Congress, only three divisions of the monopoly transferred sufficient rights in a patent to confer standing to sue for infringement:

> (1) the whole patent, comprising the exclusive right to make, use, and vend the invention throughout the United States; or (2) an undivided part or share of that exclusive right; or (3) the exclusive right under the patent within and throughout a specified part of the United States.
> *Id.* (citing Patent Act of 1870, ch. 230, 16 Stat. 198-217, §36, Revised Stat. §4898 (July 8, 1870) (App. 92a)).

Making no special distinction between unwritten "transfers" and written "assignments," this Court held that "a transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers." *Id.*; *see also Oliver v. Rumford Chem. Works*, 109 U.S. 75, 82-83 (1883) (noting that an "assignment" involves a transfer of a patent's title). And any such "assignment" or "transfer" by the "patentee or his assigns" had to be "by instrument in writing[.]" *Waterman*, 138 U.S. at 255; *see also Newton*, 77 F. at 616 ("without an assignment such as the statute requires to effect the transfer of a patent interest, [] title remain[s] in the prior owner"). This Court, in contrast to the Federal Circuit, held that all others were, at most, licensees and lacked standing to sue for patent infringement. *Waterman*, 138 U.S. at 255.

This Court's subsequent decisions continued to recognize the supremacy of Congress' scheme for patent ownership embodied in the Patent Act. For example, in *De la Vergne Refrigerating Machine Co. v. Featherstone*, this Court held that under the Patent Act, absent a written assignment by the patentee during his lifetime, a patent "would go to the executor or administrator in trust for the next of kin." 147 U.S. 209, 221-22, 222-23 (1893). In *Allen v. Riley*, this Court held that while Congress' written assignment requirement allowed the states to enact additional "safeguard[s] [for] . . . those dealing with the assumed owner of a patent, or his assignee," 203 U.S. 347, 356 (1906), the states could never act in a way that "nullif[ied] the laws of Congress which regulate its transfer, and destroy the power conferred upon Congress by the Constitution." *Id.* at 355 (internal quote marks omitted). In *Crown Die & Tool Co. v. Nye Tool & Machine Works*, this Court held that only the set of persons specifically selected by Congress had standing to sue for patent infringement:

> [a]n infringement is an invasion of the monopoly created by the patent, and the law which defines and authorizes this monopoly confers only upon its legal owners the right to institute proceedings for its violation. These owners are ***the patentee, his assignee, his grantee, or his personal representatives; and none but these*** are able to maintain an action for infringement in a court of law.

261 U.S. 24, 40-41 (1923) (emphasis

added).[6]

Following *Crown Die*, in *United States v. Dubilier Condenser Corp.*, 289 U.S. 178 (1933), this Court again addressed the transfer of patent rights. In *Dubilier*, the government sought a declaration that two federal employees were required to assign their patents to the United States. *Id.* at 182. First, this Court held that the Patent Act required a written assignment to transfer title to a patent: "[a] patent is property, and ***title to it can pass only by assignment***." *Id.* at 187 (emphasis added). Then this Court looked to the nature of the employment to see whether an assignment from the patentees could be compelled. *Id.* Because the patentees were not hired to make the patented invention, this Court refused to order an assignment. *Id.* at 209. But even where the patentee was "employed to make an invention," this Court held that the employer would still need a written assignment transferring the patent. *Id.* at 187. The states continue to recognize and follow this rule. *See, e.g.*, *Steranko v. Inforex, Inc.*, 5 Mass. App. Ct. 253, 269 (App. Ct. 1977).

Congress' present scheme for patent ownership, including the provisions regarding the persons who can receive the patent grant, who may sue for infringement, and how a patent may be transferred, remains nearly unchanged from the Patent Act of 1870. *Compare* 35 U.S.C. §§154(a)(1),

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[6] A "personal representative" is the representative of a deceased or incapacitated patent owner. *See* Patent Act of 1870, ch. 230, 16 Stat. 198-217, §34 (July 8, 1870), Revised Stat. §4896 (App. 91a); 35 U.S.C. §117.

261, 281, *with*, Patent Act of 1870, ch. 230, 16 Stat. 198-217, §§22, 36, 59 (July 8, 1870) (App. 91a-92a). As such, the Courts of Appeal, until now, have consistently followed this Court's precedent regarding the supremacy of Congress' scheme. For example, in *United States v. Solomon*, the Ninth Circuit held that Section 261 required all transfers of the exclusive right conferred by a patent to be in writing: "[T]he necessity of a writing, like the necessity of an automobile certificate or a deed, to effect a valid transfer of a patent right has long been a matter of hornbook law." 825 F.2d 1292, 1296 (9th Cir. 1987), *cert. denied*, 484 U.S. 1046 (1988); *see also Interferometrics, Inc. v. Mobile Commc'ns Holdings, Inc.*, 21 F.3d 422 (4th Cir. 1994) (unpublished) (citing and following *Solomon*, 825 F.2d at 1296).

Not only did the Ninth Circuit unambiguously hold that the Patent Act required a writing to transfer patent rights, the Ninth Circuit also rejected the contention that state partnership law could operate to transfer patent rights without an assignment:

> [T]he trial court determined, as a matter of law, that a valid assignment of a patent to become operational as limited partnership property required a writing. The court stated: "in the context of an assignment of a patent, they can agree verbally until the cows come home, and that patent isn't assigned until there's a writing." As a consequence, the jury was instructed that only written agreements to assign

> patents are valid. The district court was correct on the law.
> *Solomon*, 825 F.2d at 1296.

Similarly, the First Circuit recently reviewed the differences between 35 U.S.C. §261 and 35 U.S.C. §262 and held that under Section 262 "agreements" between joint inventors regarding the exercise of their joint patent rights need not be in writing. ***Massachusetts Eye and Ear Infirmary v. QLT Phototherapeutics, Inc.***, 412 F.3d 215, 235 (1st Cir. 2005). According the First Circuit, Section 261 shows that Congress "knew how to insist upon a contract, and even how to specify that it must be reduced to writing." ***Id.*** Because an "in writing" requirement was omitted from Section 262, the First Circuit held that Congress intended to allow unwritten agreements between joint inventors. *Id.*

Furthermore, the contrast between the plain language of the Patent Act and that of the Copyright Act shows that an "operation of law" transfer provision should not be read into the Patent Act. Unlike the Patent Act, Congress explicitly provided for "operation of law" transfers of copyrights in Sections 201 and 204 of the Copyright Act:

> The ownership of a copyright may be transferred in whole or in part by any means of conveyance or ***by operation of law***, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.
> 17 U.S.C. §201(d)(1) (emphasis added).

> A transfer of copyright ownership, ***other than by operation of law***, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent.
> 17 U.S.C. §204(a) (emphasis added).

Congress' omission of any similar language for the transfer of patents strongly suggests that Congress did not intend to allow transfers of legal title to patents absent a writing. *See, e.g.*, *BFP v. Resolution Trust Corp.*, 511 U.S. 531, 537 (1994). Indeed, this Court has explicitly held that it is improper for the courts to add what Congress left out: "Congress expresses its purpose by words. It is for us to ascertain—neither to add nor to subtract, neither to delete nor to distort." *62 Cases*, 340 U.S. at 596.

B. The Federal Circuit's sudden shift is significant

Contrary to the consistent decisions of this Court, the Courts of Appeal, and the courts of the states themselves since the first Patent Act in 1790, the Federal Circuit's decision ignores Congress' scheme for patent ownership and replaces it with one of its own devising.

Ignoring this Court's binding precedent in *Crown Die* that the Patent Act defines the exclusive set of persons who may sue for patent infringement and without pointing to any statutory authority granting the right to exclude to a party other than "the patentee, his heirs or assigns" specified in Section 154(a)(1), the Federal Circuit simply dismissed Section 154 as "not restrict[ing] patent ownership to these three classes of individuals" and not "specifically address[ing] transfers of patent ownership." 576 F.3d at 1381 (App. 14a). Similarly ignoring this Court's holding in *Dubilier* that "[a] patent is property, and title to it can pass only by assignment," 289 U.S. at 187, the Federal Circuit refused to honor Section 261's mandate: "Section 261 speaks only to assignments of patents; there exists no federal statute requiring a writing for all conveyances of patent ownership." *Id.* (App. 15a). The Federal Circuit therefore concluded that state law could operate to transfer title to a patent without any writing whatsoever. *Id.* The Federal Circuit cited no statutory authority to support its unprecedented interpretation of the Patent Act.

Whether the Federal Circuit is nevertheless correct, there is no serious debate that the answer to the question presented will significantly impact a broad swath of our innovation-dependent economy.

First, the answer matters to both the owners of the "large number of patent titles presently subject to security interests," *id.*, (App. 15a), and their creditors whose loans are secured by those security interests.

Second, the answer matters to companies confronted with a claim of infringement of any patent whose chain of title was subject to a security interest of any point in time, especially where, as here, the damages claimed for infringement exceed $100 million.

Third, the answer matters to bona fide patent purchasers. In Section 261, Congress has provided that an "assignment, grant or conveyance shall be void" against a subsequent purchaser for value that (1) had no notice of the prior "assignment, grant or conveyance"; and (2) recorded its assignment at the PTO within three months of his purchase. 35 U.S.C. §261; *see also Cybernetic Servs.*, 252 F.3d at 1050-52 (holding that assignments, grants, and conveyances fall within Section 261's writing requirement). Under the Federal Circuit's holding, however, a "transfer" by operation of state law following a creditor's foreclosure is not an assignment, grant or conveyance. 576 F.3d at 1376 (App. 2a). Not only would "transfers" automatically divest a bona fide purchaser of its patent rights, any compliance with Section 261's recording requirements would be irrelevant because Section 261's bona fide purchaser defense only applies to prior "assignment[s], grant[s] or conveyance[s]"—not the Federal Circuit's new category of "transfers."[7] Congress' scheme for the ownership of patents and the protection of bona fide patent purchasers cannot be interpreted in a way that renders it virtually meaningless.

Fourth, the answer matters to any person responsible for verifying and making representations subject to civil or criminal liability regarding the chain of title for any United States patent, including underwriters, accountants, and due diligence advisors. The Federal Circuit's decision upends the certainty of a chain of title evidenced by assignments in writing and exposes any such chain to an undocumented, unknown transfer by operation of the law of one or more of each of the 50 states.

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[7] Section 261's recording requirement does not apply to creditors who, as in this case, hold security interests because security interests are "mere licenses" rather than the assignments, grants or conveyances covered by Section 261. *See, e.g., Cybernetic Servs.*, 252 F.3d at 1052.

Fifth, the answer matters no less to Congress, which expects and ultimately requires the courts to apply its unambiguous statutes rather than substitute their own policy preferences. Congress has spoken with uncommon clarity in declaring that only patentees, heirs and assigns may hold title to a patent. It did not in any way leave the door open for a fourth class of persons—"transfer[ee]s"—to be created upon a state's whim.

Finally, the answer should matter to this Court, which should reasonably expect that lower courts respect its precedent that patent title may be held by "none but" the three classes of persons specified by Congress.

Only this Court's intervention can prevent the Federal Circuit's erroneous and unprecedented decision from quickly spreading across the nation. Because the Federal Circuit's "exclusive jurisdiction over appeals from all United States District Courts in patent litigation," *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 89 (1993), leaves nearly no room for the development of patent law by the other Courts of Appeals, *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 838-39 (2002) (Stevens, J., concurring), the rules applied by the Federal Circuit are "matter[s] of special importance to the entire Nation." *Cardinal Chem.*, 508 U.S. at 89. Furthermore, because the Federal Circuit's decision in this case was based on the Uniform Commercial Code, "which is the law in all 50 states and the District of Columbia," *Delaware v. New York*, 507 U.S. 490, 503-04 (1993), the effects of the Federal Circuit's decision will be so far-reaching and so unprecedented that this case warrants this Court's review.

No further developments in this or other cases will illuminate the fundamental and wide-reaching issue presented squarely here. It is ripe for a decision by this Court.

CONCLUSION

SAP respectfully urges this Court to grant its Petition for a Writ of Certiorari to correct the Federal Circuit's error before it is followed and perpetuated throughout the nation.

Respectfully submitted,

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Appendix A

Sky Technologies LLC v. SAP AG,
576 F.3d 1374 (Fed. Cir. 2009)

United States Court of Appeals,
Federal Circuit.
SKY TECHNOLOGIES LLC, Plaintiff-Appellee,
v.
SAP AG and SAP America, Inc., Defendant-Appellant.
No. 2008-1606.

Aug. 20, 2009.
Rehearing and Rehearing En Banc Denied Oct. 28, 2009.

***1376** Alexandra G. White, Susman Godfrey L.L.P., of Houston, TX, argued for plaintiff-appellee. With her on the brief were Brian D. Melton, Max L. Tribble, Jr. and Anne Mullins.

Paul S. Grewal, Howrey LLP, Cupertino, CA, argued for defendant-appellant. With him on the brief were Lloyd R. Day, Jr., Robert M. Galvin and Renee DuBord Brown. Of counsel was Sriranga Veeraraghaven.

Before MICHEL, Chief Judge, BRYSON, Circuit Judge, and SPENCER, Chief District.

SPENCER, Chief District Judge.*

Appellants SAP AG and SAP America, Inc. ("SAP") filed an interlocutory appeal from the judgment of the United States District Court for the Eastern District of Texas finding that Sky Technologies LLC has standing to bring a patent infringement suit in the district court. Because the district court correctly relied on the holding in *Akazawa v. Link New Technology International, Inc.*, 520 F.3d 1354 (Fed. Cir. 2008), to determine that patent ownership was properly transferred by operation of state foreclosure law, giving Appellee clear title to the patents-in-suit and therefore standing in the underlying case, we affirm.

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* The Honorable James R. Spencer, Chief Judge, United States District Court for the Eastern District of Virginia, sitting by designation.

I. BACKGROUND

Jeffrey Conklin ("Conklin") founded TradeAccess, Inc. ("TradeAccess") in 1996. Conklin, along with other inventors, obtained a portfolio of patents, which are the subject of this suit.[1] Conklin and the other inventors assigned all of their "right[s], title[s], and interest together with the benefits and privileges in and to said inventions and discoveries" to TradeAccess. These assignments were recorded with the United States Patent and Trademark Office ("PTO"). TradeAccess later changed its name to Ozro, Inc. ("Ozro").

On April 2, 2001, Ozro, the Grantor, executed an Intellectual Property Security Agreement with Silicon Valley Bank ("SVB") ("SVB Agreement"), granting SVB a "security interest in all of Grantor's right, title, and interest, whether presently existing or hereafter acquired in, to and under all of the Collateral." The Collateral included the patents-in-suit.[2] The SVB Agreement was filed with the PTO on April 2, 2001. On April 3, 2001, Ozro executed a similar security agreement with *1377 Cross

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[1] U.S. Patent Nos. 6,141,653; 6,336,105; 6,338,050; 7,162,458; and 7,149,724.

[2] Specifically, the Agreement gave SVB

> "a first priority security interest in all of Grantor's right, title, and interest throughout the world in ... (d) [a]ll inventions, rights to apply for patents, patents, patent applications, and like protections ... including without limitation the patents and patent applications set forth" in the Agreement.

Atlantic Capital Partners, Inc. ("XACP") ("XACP Agreement"), for the benefit of the XACP Entities.[3] The XACP Agreement contained virtually identical language as the SVB Agreement. Ozro used both Agreements to secure loans, and, in the event of default by Ozro, both parties had "the right to exercise all the remedies of a secured party upon such default under the Massachusetts UCC," including the right

> (i) to take possession of all or any portion of the Intellectual Property Collateral, (ii) to sell, lease, or otherwise dispose of any or all of the Intellectual Property Collateral . . . and (iii) to exercise all or any of the rights, remedies, powers, privileges and discretions under all or any of the documents relating to the Secured Obligations.

Moreover, in the event of default, Ozro would be required to "assemble the Intellectual Property Collateral and any tangible property in which [SVB or XACP] has a security interest and to make it available to [SVB or XACP]." The XACP Agreement also contained a specific provision providing for disposition of the Intellectual Property Collateral at a public or private sale, should default occur, and permitted XACP to purchase the Collateral at the public sale, should it wish to do so.

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[3] At all times, XACP acted as an agent for Cross Atlantic Technology Fund, L.P., The Co-Investment 2000 Fund, L.P., and 3i Technology Partners L.P. Within the Agreements, these parties are referred to as the "XACP Entities." For purposes of this Opinion, "XACP" refers to all of these entities.

In December 2002, SVB assigned its security interest to XACP through a Non-Recourse Assignment, giving XACP all of the "right, title, and interest" formerly held by SVB. This Assignment was recorded with the PTO; at that point, XACP held the security interest in all of the patents-in-suit.

Ozro defaulted on its loan obligations and XACP foreclosed on the patents. On February 18, 2003, XACP issued a foreclosure notice ("Notice") to all of Ozro's creditors, inventors, and counsel. The Notice identified the patents-in-suit as those to be sold at public auction.

In the meantime, Conklin started a new company, Whitelight Technology, later known as Sky Technologies LLC ("Sky"). Conklin entered into negotiations with XACP to transfer ownership of the patents-in-suit to Sky. On June 4, 2003, XACP and Conklin signed a Settlement Agreement stating that XACP:

> shall use [its] best efforts to obtain title to the Intellectual Property [including the patents-in-suit] for purposes of a transfer from [XACP] to [Sky] by selling all of [XACP]'s rights in and to the Secured Intellectual Property by Public Auction within sixty (60) days after the Effective Date. . . . At the Public Auction, [XACP] will credit bid up to $4,031,844 as may be required to

> purchase the Intellectual Property, including but not limited to the right to sue for past infringement or misappropriation of the Patents, covered by security interest held by [XACP].

To the extent that portions of the Intellectual Property are not subject to the security interests held by [XACP] . . . [XACP] and Conklin agree to use their best efforts to acquire such assets from Ozro to be held by [Sky] without further consideration payable by Conklin or XACP.[4]

***1378** Both XACP and Jeffrey Conklin, as an individual, signed the Settlement Agreement. Conklin also signed the document as Manager of Whitelight Technology.

On July 14, 2003, XACP foreclosed on its security interests at public auction. The security interest formerly held by SVB and subsequently assigned to XACP was sold first, and then XACP foreclosed on its own security interest. XACP was the only bidder for both sales and purchased all of the assets. On July 22, 2003, pursuant to the Settlement Agreement, XACP assigned all of its "right[s], title, and interest in" the patents-in-suit to Sky by a written assignment ("Sky Assignment"). At no point after foreclosure did Ozro execute a written agreement assigning all of its rights, title, or interests in the patents to XACP.

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[4] The terms of the Settlement Agreement were previously drafted in a Term Sheet. However, the Term Sheet was never presented to the district court and, therefore, is an improper part of the appellate record. Fed. R. App. P. 10(a)(1) (stating the record on appeal contains "the original papers and exhibits filed in the district court"); *see also Moore U.S.A., Inc. v. Standard Register Co.*, 229 F.3d 1091, 1116 (Fed. Cir. 2000) ("[T]he record on appeal is generally limited to that which is before the district court.").

On October 17, 2006, Sky filed a patent infringement suit against SAP in the United States District Court for the Eastern District of Texas. On January 4, 2008, SAP moved to dismiss Sky's Complaint for lack of standing. On March 20, 2008, the district court requested supplemental briefings from the parties to discuss whether the SVB and XACP Agreements alone granted substantial rights, or whether the security agreements transferred title upon default of the debtor.

On June 4, 2008, the district court, relying on this court's opinion in *Akazawa*, held the patents-in-suit were transferred from Ozro to XACP through the July 14, 2003 foreclosure proceedings. Because XACP properly complied with the Massachusetts Uniform Commercial Code ("UCC") foreclosure requirements by placing the patent collateral up for sale at a public auction and notifying Ozro of the sale, the district court held title was transferred on July 14, 2003, the date of the foreclosure. For this reason, when XACP assigned the patents-in-suit to Sky on July 22, 2003, Sky became vested with all rights, title, and interest in the patents. Thus, the chain-of-title had not been broken from Ozro to Sky, and Sky was declared the proper title-holder of the patents-in-suit, giving Sky standing to bring the patent infringement suit.

SAP filed a Motion for Reconsideration and/or Certification of Question for Interlocutory Appeal on July 15, 2008. The district court denied the Motion for Reconsideration because SAP failed to raise any new argument or present new evidence. However, the district court found that "substantial grounds for difference of opinion exist regarding the question of whether a transfer of title through operation of law without a written assignment may apply in situations that do not involve heirs or probate law." The district court granted SAP's Motion for Certification of Question for Interlocutory Appeal. This appeal followed. We have jurisdiction pursuant to 28 U.S.C. § 1292(b).

II. DISCUSSION

A. *Standard of Review*

An Article III standing challenge is a question of law, which this court reviews de novo. Akazawa, 520 F.3d at 1355 (citing Prima Tek II, L.L.C. v. A-Roo Co., 222 F.3d 1372, 1376 (Fed. Cir. 2000)). As this matter is before the court on an interlocutory appeal, our jurisdiction "applies to the order certified to the court of appeals, and is not tied to the particular question formulated by the district court." ***1379** *Yamaha Motor Corp. v. Calhoun*, 516 U.S. 199, 205, 116 S.Ct. 619, 133 L.Ed.2d 578 (1996) (finding that the court is limited by the certified order, but may consider all issues discussed within that order) (emphasis omitted).

B. *Valid Transfer of Patent Title through Operation of Law*

In order to seek damages for infringement of a patent, a party must have standing at the inception of the lawsuit. *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1579 (Fed. Cir. 1991). A party that has been granted all substantial rights under the patent, "regardless of how the parties characterize the transaction that conveyed those rights," is considered to have legal title, and therefore standing. *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1249-50 (Fed. Cir. 2000). Thus, it is the "substance of what was granted" that determines the rights in the patent, not the form. *Id.* at 1250; *Vaupel Textilmaschinen KG v. Meccanica Euro Italia SPA*, 944 F.2d 870, 873-76 (Fed. Cir. 1991). In the present case, the central question is whether XACP had legal right, title, and interest in the patents-in-suit to transfer all of those rights to Sky, thereby providing Sky with standing to bring the underlying infringement claim. Appellants contend that because no writing exists transferring the patents-in-suit to XACP, Sky did not obtain legal title from XACP, and therefore does not have standing in this matter. Appellee disagrees, and argues that *Akazawa* permits transfers of patent ownership by operation of law without a writing, and because the patents-in-suit were foreclosed upon in accordance with Massachusetts law, XACP became the owner of the patents on July 14, 2003, after the foreclosure proceedings. Accordingly, Appellee contends that XACP's assignment to Sky vested Sky with full legal title and standing in the underlying case. We agree.

1. *Akazawa Controls*

We have previously held that patent ownership is determined by state, not federal law. *Akazawa*, 520 F.3d at 1357 (*citing Jim Arnold Corp. v. Hydrotech Sys., Inc.*, 109 F.3d 1567, 1572 (Fed. Cir. 1997) ("[T]he question of who owns the patent rights and on what terms typically is a question exclusively for state courts.")). However, "the question of whether a patent assignment clause creates an automatic assignment or merely an obligation to assign is intimately bound up with the question of standing in patent cases," and therefore we have "treated it as a matter of federal law." *DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008). Usually, federal law is used to determine the validity and terms of an assignment, but state law controls any transfer of patent ownership by operation of law not deemed an assignment.

The Federal Patent Act requires that all assignments of patent interest be in writing. 35 U.S.C. § 261 (2006). This requirement dates back to the 1881 Supreme Court decision in *Ager v. Murray*, which held that a debtor's interest in a patent that would be used to satisfy a judgment against him was property, "assignable by him, and . . .[could not] be taken on execution at law." 105 U.S. 126, 131-32, 26 L.Ed. 942 (1881). The Court held that the patentee was required to execute a writing to assign title, or a trustee would be appointed to execute an assignment, "if the patentee should not himself execute one as directed." *Id.* at 126, 132. This decision was based on the idea that a creditor cannot reach incorporeal property, such as a patent, due to its intangible nature; the transfer (either voluntary or involuntary) to a purchaser must be done by written assignment "in order to vest [the purchaser] with a complete title ***1380** to the property." *Id.* at 130 (*citing Stephens v. Cady*, 55 U.S. (14 How.) 528, 531, 14 L.Ed. 528 (1852)).

Even though a transfer of patent ownership, if through an assignment, must be in writing, this court has held, "[T]here is nothing that limits assignment as the only means for transferring patent ownership. . . . [O]wnership of a patent may be changed by operation of law." *Akazawa*, 520 F.3d at 1356. In *Akazawa*, the defendant challenged the plaintiff's standing to sue for infringement based on an alleged defect in the assignor's claim of ownership in the patent. *Id.* at 1355. Akazawa, the inventor of a patent, died intestate, after which his wife and daughters agreed that all of Akazawa's rights would be transferred to his wife, who then transferred her rights to the plaintiff. *Id.* at 1355. The district court held that the plaintiff lacked standing to enforce the patent because no writing had been issued from the inventor to his wife granting her all of his rights to the patent. *Id.* We reversed the district court's decision and held that passage of title through intestacy is not an assignment, and therefore did not require a writing. *Id.* at 1358. Further, we stated that if the controlling state or foreign intestacy law passed title of the patent to the wife and daughters upon the inventor's death, then all subsequent transfers were valid. *Id.*

We find that *Akazawa* controls in the instant case, and that the district court's reliance on its reasoning was appropriate because transfer of patent ownership by operation of law is permissible without a writing. *Akazawa* says nothing about permitting *assignments* without a writing; rather, this court made it clear that if assignment is the method of transfer of patent ownership, it must be done in writing, pursuant to § 261. *See Akazawa*, 520 F.3d at 1356. However, assignment is not the only method by which to transfer patent ownership. As noted below, foreclosure under state law may transfer patent ownership. Here, XACP's foreclosure on its security interest was in accordance with Massachusetts law; therefore Sky received full title and ownership of the patents from XACP providing it with standing in the underlying case.

2. *Transfer of Title under Massachusetts Law*

In the instant case the controlling state law is the Massachusetts UCC. Massachusetts UCC § 9-610 permits a secured party to sell the collateral after default, in a commercially reasonable manner, and that same party may purchase the collateral at a public disposition. Section 9-617 of the UCC states that once a secured party disposes of collateral after default, the transferee for value takes all of the debtor's rights in the collateral. Mass. Gen. Laws ch. 106, § 9-617(a)(1) (2009). Because XACP foreclosed on the patents-in-suit in conformity with these provisions, XACP obtained title to the patents on July 14, 2003.

In the XACP Security Agreement, Ozro gave XACP a security interest in the patents-in-suit as collateral security. Upon default, XACP could exercise all rights pursuant to the Massachusetts UCC and "sell, lease, or otherwise dispose" of the Collateral. The XACP Agreement also contained a provision dictating the sale of the Collateral, including a clause permitting XACP to purchase the Collateral at a public sale. In accordance with the Security Agreement and the Massachusetts UCC, XACP gave Ozro at least seven days' notice of the sale, disposed of the Collateral through a public auction, and purchased the Collateral at the same auction. Therefore, consistent with sections 9-610 and 9-617, XACP received all of Ozro's rights in the Collateral, making *1381 XACP the title-holder of the patents-in-suit after foreclosure.

Despite this clear authority, Appellants make much of 35 U.S.C. § 154, which controls the content and term of a patent. Section 154(a)(1) states, "Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention. . . ." 35 U.S.C. § 154(a)(1) (2006). Accordingly, Appellants contend that patents can only be owned by three categories of individuals—the patentee, his heirs, or his assigns. Appellants assert the holding in *Akazawa* was correct, but is not controlling because the class of persons receiving ownership through operation of law in Akazawa were heirs—a class within § 154(a)(1)—but no heirs or assigns exist in the present case. We find this argument unpersuasive. Section 154 does not restrict patent ownership to these three classes of individuals, and moreover, this language fails to specifically address transfers of patent ownership.

Appellants also claim that, regardless of sections 9-610 and 9-617, a writing requirement exists in the Massachusetts UCC. To find such a requirement, Appellants suggest section 9-619 requires a writing where there is a transfer of any patent collateral, whether the transfer is by assignment or operation of law. We find this argument lacking. Section 9-619 permits parties to prepare a Transfer Statement, which creates "a simple mechanism for obtaining record or legal title, for use primarily when other law does not provide one." Mass. Gen. Laws ch. 106, § 9-619 cmt. 2 (2009). This document "entitles the transferee to . . . all rights of the debtor in the collateral." *Id.* § 9-619(b). According to comment two in section 9-619, the purpose of a Transfer Statement is to make title clear in circumstances where title is transferred to a third party after a secured party has exercised its rights, and to provide potential buyers of collateral subject to a registration system a writing reflecting ownership. Nothing in the language of section 9-619 evinces the requirement that a writing must exist to transfer patent rights through operation of law, only that such a writing is recognized under the Massachusetts UCC. Based on the plain language of the provision, such a writing is permissible, not mandatory.

C. *No Preemption of State Law*

Appellants claim if Massachusetts law is found to allow transfers of patent ownership without a writing, then federal preemption must occur pursuant to 35 U.S.C. § 261; however, Appellants are incorrect. Section 261 speaks only to assignments of patents; there exists no federal statute requiring a writing for all conveyances of patent ownership. Therefore, no federal law preempts the use of the Massachusetts UCC foreclosure provisions to transfer patent ownership by operation of law. Consequently, Appellants' preemption argument lacks merit.

D. *Public Policy Justifications*

The policy justifications for permitting transfers of patent ownership through operation of law without a writing also support our holding. First, if foreclosure on security interests secured by patent collateral could not transfer ownership to the secured creditor, a large number of patent titles presently subject to security interests may be invalidated. Any secured creditor who maintained an interest in patent collateral would be in danger of losing its rights in such collateral. Second, by restricting transfer of patent ownership only to assignments, the value of patents could significantly diminish because patent owners would be limited in their ability to use patents as collateral or pledged security. Lastly, it would be impractical to require

***1382** secured parties to seek out written assignments following foreclosure from businesses that may have ceased to exist.

We need not address the pre or post-default documents submitted by Appellee to determine if a writing exists which transferred title to XACP. By following proper foreclosure procedures, XACP became the owner of the patents-in-suit. Therefore, XACP's assignment to Sky of all of its rights, title, and interest in the patents-in-suit made Sky the owner of the same, and the proper party to bring the underlying infringement action.

III. CONCLUSION

For the aforementioned reasons, we affirm.

AFFIRMED.

IV.

COSTS No costs.

Appendix B

Sky Technologies LLC v. SAP AG, 296 Fed. Appx. 10, 2008 WL 4491894 (Fed. Cir. 2008)

United States Court of Appeals,
Federal Circuit.
SKY TECHNOLOGIES LLC, Plaintiff-Respondent,
v.
SAP AG and SAP AMERICA, INC., Defendants-Petitioners.
Misc. No. 879.

Sept. 10, 2008.

***10** On Petition for Permission to Appeal pursuant to 28 U.S.C. § 1292(b) from the United States District Court for the Eastern District of Texas in case no. 2:06-CV-440, Judge David Folsom.

Before RADER, Circuit Judge, FRIEDMAN, Senior Circuit Judge, and SCHALL, Circuit Judge.

ORDER

SCHALL, Circuit Judge.

****1** SAP AG and SAP America, Inc. (SAP) petition for permission to appeal an order certified by the United States District Court for the Eastern District of Texas as one involving a controlling issue of law as to which there is substantial ground for difference of opinion and for which an immediate appeal may materially advance the ultimate termination of the litigation. SAP also moves to stay proceedings in the Texas district court, pending disposition of this petition by this court. Sky Technologies LLC opposes.

Sky filed this patent infringement suit against SAP in the Eastern District of Texas. SAP moved to dismiss the suit and alleged that Sky lacked standing. SAP alleged that there was no written assignment agreement to Cross Atlantic Capital Partners (XACP) when XACP purchased patents in a foreclosure sale involving patents owned by Ozro, Inc., and thus XACP could not in turn ultimately assign its interests to Sky. Citing this court's recent decision in *11 *Akazawa v. Link New Technology International, Inc.*, 520 F.3d 1354 (Fed. Cir. 2008), the Texas district court denied the motion to dismiss and held that under state law title of the patent transferred by operation of law and no written assignment was needed. Meanwhile, in the United States District Court for the District of Massachusetts, SAP sued the entities that owned the patent before the foreclosure sale, seeking a declaratory judgment concerning who owns the patents and declaratory judgments of noninfringement, invalidity, and unenforceability. The Massachusetts district court denied a motion to transfer that case to the Texas district court.

The Texas district court subsequently certified for permissive appeal its order denying SAP's motion to dismiss, stating that a substantial ground for difference of opinion may exist concerning whether a transfer of title through operation of law may apply in situations that do not involve heirs or probate law. In *Akazawa v. New Link Tech. Int'l, Inc.*, 520 F.3d 1354 (Fed. Cir. 2008), we held ownership of a patent may be changed by operation of probate law. In *Akazawa*, we remanded for the district court to determine whether under Japanese law a patent was transferred to the estate, noting that pursuant to statute a patent may be granted to "the patentee, his heirs, or assigns." *See* 35 U.S.C. 154(a)(1). We noted that "there is nothing that limits assignment as the only means for transferring patent ownership. Indeed, the case law illustrates that ownership of a patent may be changed by operation of law." *Akazawa*, 520 F.3d at 1356. In contrast, 35 U.S.C. § 261 requires that all assignments be in writing.

Ultimately, this court must exercise its own discretion in deciding whether it will grant permission to appeal interlocutory orders certified by a trial court. *See In re Convertible Rowing Exerciser Patent Litigation*, 903 F.2d 822 (Fed. Cir. 1990); 28 U.S.C. § 1292(d)(2) ("the Federal Circuit may, in its discretion, permit an appeal to be taken from such order"). We determine that granting the petition in these circumstances is warranted.

****2** Concerning SAP's request to stay proceedings in the Texas district court, we note that the Texas district court stated that if this court grants the petition for permission to appeal, it would consider staying its proceedings. We deem the better course is for the Texas district court to consider that issue in the first instance.

Accordingly,

IT IS ORDERED THAT:

(1) The petition for permission to appeal is granted.

(2) The request to stay proceedings in the Texas district court is denied without prejudice.

Appendix C

Sky Technologies LLC v. SAP AG,
2008 WL 2775487 (E.D. Tex. 2008)

United States District Court,
Eastern District of Texas,
Marshall Division.
SKY TECHNOLOGIES LLC, Plaintiff,
v.
SAP AG, SAP America, Inc. and Oracle Corporation,
Defendants.
Civil Action No. 2:06-CV-440 (DF).

July 15, 2008.

ORDER

DAVID FOLSOM, District Judge.

*1 Currently before the Court is SAP AG and SAP America, Inc's Motion for Reconsideration Or, In the Alternative, Certification of Question for Interlocutory Appeal (Dkt. No. 214). A hearing on this matter was held on July 9, 2008. Having considered the arguments and briefing on this matter the Court finds that the motion should be **GRANTED-IN-PART** and **DENIED-IN-PART.**

I. BACKGROUND

After several rounds of briefing (Dkt. Nos. 132, 147, 155, 171, 186, 189, 198, 200, 204, and 206) regarding Defendants' Rule 12(b) (1) Motion to Dismiss for Lack of Standing (Dkt. No. 132), the Court issued an order on June 4, 2008 (hereinafter "June Order") (Dkt. No. 212) finding that Sky Technologies LLC ("Sky") held title to the patents-in-suit. The June Order found that title was transferred by operation of Massachusetts state law after a foreclosure sale despite the lack of an assignment in writing. Dkt. No. 212 at 19.[1] The June Order also denied Ozro's intervention as moot.[2]

In the meantime, on April 11, 2008, Defendants filed a declaratory judgment action against Ozro in Massachusetts for non-infringement, invalidity, unenforceability and ownership of the same patents-in-suit. Ozro moved to transfer venue from Massachusetts to the Eastern District of Texas, but this motion was denied on June 3, 2008. A scheduling order was entered and Judge Young set a trial date of March 2009.

On June 13, 2008, Defendants brought this motion to reconsider, citing that the June Order conflicts with the assignment provision of 35 U.S.C. §

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[1] All pages numbers reference the docket header page numbers.

[2] Ozro is the party that Defendants contend holds title to the patents. Defendants contend that because standing must exist at inception of the litigation, the intervention of Ozro would not resolve the problem of standing.

261 and case law from the Supreme Court and Federal Circuit. Dkt. No. 214 at 5. Alternatively, Defendants seek certification for interlocutory appeal. *Id.* at 6.

II. RECONSIDERATION

A. Parties' Position

Defendants argue that the June Order is manifestly erroneous. Dkt. No. 214 at 7. Defendant's state that the June Order contradicts *Ager v. Murray*, 105 U.S. 126, 131, 26 L.Ed. 942 (1881) and *Akazawa v. Link New Technology Int'l, Inc.*, 520 F.3d 1354 (Fed. Cir. 2008). Dkt. No. 214 at 7. Defendants contend that the Federal Circuit's decision in *Akazawa* only applies to "heirs" under 35 U.S.C. § 154(a)(1) and not "assigns" who must secure legal title through a writing under 35 U.S.C. § 261. Dkt. No. 214 at 4. Defendants alternatively argue that there are "substantial grounds for a difference of opinion regarding whether the foreclosure provisions of the Massachusetts UCC can or do vest legal title in a patent upon foreclosure without a written assignment." *Id.* at 10 (citing Mass. Gen. Laws ch. 106, §§ 9-610, 9-617, 9-619).

Plaintiff responds that a motion for reconsideration is used sparingly and only appropriate where the moving party can point to controlling law or evidence that would alter the conclusion of the court. Dkt. No. 225 at 3 (citing *Templet v. HydroChem Inc.*, 367 F.3d 473, 479 (5th Cir. 2004); *Applera Corp. v. MJ Research, Inc.*, 404 F.

Supp. 2d 422, 423-24 (D. Conn. 2005)). Plaintiff argues that Defendants do not raise new issues, uncover new evidence, or demonstrate a "manifest error of law or fact." Dkt. No. 225 at 3-4.

B. Discussion

*2 The Court has already considered two rounds of briefing, sought clarification of the issues from the parties, and issued two orders evaluating the same cases that Defendants raise in their motion to reconsider. The Fifth Circuit described the standard for a motion to reconsider:

> A Rule 59(e) motion "calls into question the correctness of a judgment." *in re Transtexas Gas Corp.*, 303 F.3d 571, 581 (5th Cir. 2002). This Court has held that such a motion is not the proper vehicle for rehashing evidence, legal theories, or arguments that could have been offered or raised before the entry of judgment. *Simon v. United States*, 891 F.3d 1154, 1159 (5th Cir. 1990). Rather, Rule 59(e) "serves the narrow purpose of allowing a party to correct manifest errors of law or fact or to present newly discovered evidence." *Walman v. Int'l Paper Co.*, 875 F.2d 468, 473 (5th Cir. 1989) (internal quotations omitted). Reconsideration of a judgment after its entry is an extraordinary remedy that should be used sparingly. *Clancy v. Employers Health Ins. Co.*, 101 F. Supp. 2d 463, 465 (E.D. La. 2000) (citing 11 Charles A. Wright, Arthur R. Miller & Mary Kay Kane, Federal Practice & Procedure § 2810.1, at 124 (2d ed. 1995)).

Templet v. Hydrochem Inc., 367 F.3d 473, 478-79 (5th Cir. 2004).

The Court finds that Defendants have not raised any new issue or presented new evidence. Therefore, this Court does not find that the findings in the June Order warrants reconsideration and **DENIES** the request for reconsideration.

III. INTERLOCUTORY APPEAL

A. Parties' Positions

Defendants alternatively argue that if the Federal Circuit agrees with Defendants this Court could avoid a needless trial involving the wrong parties. Dkt. No. 214 at 14.

Plaintiff contends that Defendants are seeking interlocutory appeal as a tactical maneuver. Dkt. No. 225 at 2. Plaintiff notes that it filed a declaratory judgment action in Massachusetts and is merely seeking to delay the trial here so that it may proceed in Defendants' chosen forum. *Id.* Plaintiff argues that an interlocutory appeal under 28 U.S.C. § 1292(b) is a "departure from the normal rule that only final judgment are appealable, and therefore must be construed narrowly." *Id.* at 5 (quoting *James v. Price Stern Sloan, Inc.*, 283 F.3d 1064, 1068 (9th Cir. 2002)). Citing *Cybor Corp. v. FAS Technologies Inc.*, 138 F.3d 1448, 1479 (Fed. Cir. 1998) for the proposition that the Federal Circuit has refused every request for interlocutory appeal of claims construction orders, Plaintiff argues that "no federal court rejects requests for interlocutory appeal more frequently than the Federal Circuit." Dkt. No. 225 at 6.

Defendants explain that there is no "gamesmanship" in filing in Massachusetts. Dkt. No. 232 at 7. Defendants contend that it filed its declaratory judgment only after Ozro threatened to sue defendants. *Id.* at 8 (citing Sky's Cur-Reply [sic] to SAP's Motion to Dismiss, Dkt. No. 171 at 3). Defendants state that they could not bring the action in the Eastern District of Texas because Ozro and co-defendant XACP are not subject to personal jurisdiction and venue here. *Id.* Defendants state that the "Federal Circuit has accepted interlocutory appeals in many cases involving jurisdictional defects, including standing." *Id.* at 11 (citing *Int'l Gamco, Inc. v. Multimedia Games, Inc.*, 206 Fed. Appx. 978 (Fed. Cir. 2006); *Air Measurement Technologies, Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262, 1267 (Fed. Cir. 2007); *Voda v. Cordis Corp.*, 476 F.3d 887, 889-90 (Fed. Cir. 2007); *U.S. Philips Corp. v. Sears Roebuck & Co.*, 55 F.3d 592, 593, 597 (Fed. Cir. 1995); *Bath Iron Works Corp. v. U.S.*, 20 F.3d 1567, 1570 n. 1 (Fed. Cir. 1994); *Exxon Chemical Patents, Inc. v. Lubrizol Corp.*, 935 F.2d 1263, 1265-66 (Fed. Cir. 1991); *Johns-Manville Corp. v. U.S.*, 855 F.2d 1556, 1557 (Fed. Cir. 1988); *U.S. v. Connolly*, 716 F.2d 882, 883 (Fed. Cir. 1983)). Defendants further cited a Fifth Circuit decision for the proposition that interlocutory appeal was an appropriate remedy even on the eve of trial. *Id.* (quoting *Edwards v. Cass County*, 919 F.2d 273, 276 (5th Cir. 1990)).

B. Discussion

*3 Title 28 § 1292(b) provides a means of appealing from interlocutory orders that are otherwise not appealable:

> When a district judge, in making in a civil action an order not otherwise appealable under this section, shall be of the opinion that such order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation, he shall so state in writing in such order. The Court of Appeals . . . may thereupon, in its discretion, permit an appeal to be taken from such order, if application is made to it within ten days after the entry of the order.

28 U.S.C. § 1292(b). This section "provides for review of an *order* rather than review of a particular *question,* [so the Circuit Court of Appeals] is not restricted to the questions specified by the district court but 'may address any issue fairly included within the certified order.'" *Brabham v. A.G. Edwards & Sons Inc.*, 376 F.3d 377, 380 (5th Cir. 2004) (quoting *Yamaha Motor Corp., USA v. Calhoun,* 516 U.S. 199, 205, 116 S.Ct. 619, 133 L.Ed.2d 578 (1996)).

Certification "is not available as a means to review . . . for incorrect evaluation of proper factors." *A. Olinick & Sons v. Dempster Bros., Inc.*, 365 F.2d 439, 443 (2d Cir. 1966); *see also Humble Oil & Ref. Co. v. Bell Marine Serv., Inc.*, 321 F.2d 53, 57 (5th

Cir. 1963). "A question which requires a factual as well as legal decision is not suitable for interlocutory review." *Speizman Knitting Mach. Co. v. Terrot Strickmaschinen GmBH*, 505 F. Supp. 200, 202 (D.N.C. 1981). "[A]ppellate jurisdiction under § 1292(b) extends only to interlocutory orders involving a controlling question of law." *Withhart v. Otto Candies, L.L.C.*, 431 F.3d 840, 841 (5th Cir. 2005) (citations and quotations omitted). Section 1292(b) is meant to be applied sparingly in that only "exceptional circumstances [will] justify a departure from the basic policy of postponing appellate review until after the entry of a final judgment." *Coopers & Lybrand v. Livesay*, 437 U.S. 463, 475, 98 S.Ct. 2454, 57 L.Ed.2d 351 (1978).

The Court finds that substantial grounds for difference of opinion exist regarding the question of whether a transfer of title through operation of law without a written assignment may apply in situations that do not involve heirs or probate law. The Court notes that the certification by the Federal Circuit would create efficiencies for not only this court but for Judge Young as well. In addressing Plaintiff's concern that Defendants are seeking to escape this forum in a tactical maneuver, Defendants' counsel sent a letter to the Court stating:

> During today's hearing, the Court asked whether, upon this Court's certification for interlocutory appeal of its June 4, 2008 Order, SAP would agree to seek a stay of its related declaratory judgment action in the District of Massachusetts.

> I have now consulted with my client, and the answer to your question is yes.

*4 Letter from Paul S. Grewal to David Folsom (July 9, 2008).

The Court notes that 28 U.S.C. § 1292(b) states that the Court of Appeals may permit an appeal "*Provided, however,* That application for an appeal hereunder shall not stay proceedings in the district court unless the district judge or the Court of Appeal or a judge thereof shall so order." (emphasis in original). At this time, the Court will not stay the proceedings. The parties are obligated to meet all scheduling deadlines. The Defendants are not required to request a stay of proceedings in Judge Young's action. The Court will reassess a stay of the proceedings in this action should the Federal Circuit grant the request for interlocutory appeal. If the Court grants a stay in this action, the Defendants will then be obligated to request a stay in the Massachusetts action, though the Court is mindful that it is in Judge Young's discretion whether to grant the request for stay. Therefore, because the Court finds that the resolution of this issue would materially advance the ultimate termination of this litigation, the Court **GRANTS** this portion of Defendants' motion.

IV. CONCLUSION

Therefore, for the foregoing reasons the Court **DENIES-IN-PART** SAP AG and SAP America, Inc's Motion for Reconsideration and **GRANTS-IN-PART**

Defendants' Motion for Certification of Question for Interlocutory Appeal (Dkt. No. 214).

The Court's Order of June 4, 2008 (Dkt. No. 212) is hereby **CERTIFIED** for interlocutory appeal pursuant to 28 U.S.C. § 1292(b).

It is so **ORDERED.**

Appendix D

Sky Technologies LLC v. SAP AG, 2008 WL 5234644 (E.D. Tex. 2008)

United States District Court,
Eastern District of Texas,
Marshall Division.
SKY TECHNOLOGIES LLC, Plaintiff,
v.
SAP AG, SAP America, Inc. and Oracle Corporation,
Defendants.
Civil Action No. 2:06-CV-440 (DF).

June 4, 2008.

ORDER

DAVID FOLSOM, District Judge.

*1 Currently before the Court is Defendants' Rule 12(b)(1) Motion to Dismiss for Lack of Standing (Dkt. No. 132) and related briefing (Dkt. Nos. 147, 155, 171, 186, 189). The Court held a hearing regarding this matter on February 28, 2008. Dkt. No. 187. In a March 20, 2008 Order (the "March Order"), the Court requested additional briefing on this matter. Dkt. No. 193 at 19. Thus, currently before the Court is Sky's supplemental brief (Dkt. No. 198) and related briefing (Dkt. Nos. 200, 204, and 206). After considering the arguments and the briefing, the Court **DENIES** Defendants' Rule 12(b)(1) Motion to Dismiss for Lack of Standing (Dkt. No. 132).

I. BACKGROUND

A. Factual Background[1]

On October 17, 2006, Plaintiff Sky filed a claim for infringement of U.S. Patent Nos. 6,141,653 (the "'653 Patent"), 6,336,105 (the "'105 Patent"), and 6,338,050 (the "'050 Patent"). Complaint, Dkt. No. 1. Jeffrey Conklin ("Conklin"), David Foucher, and Daniel Foucher are the named inventors of these patents. United States Patent Nos. 7,162,458 (the "'458 Patent") and 7,149,724 (the "'724 Patent") were later added. Second Amended Complaint, Dkt. No. 44. Conklin, David Foucher, Daniel Foucher, and William J. Flanagan are listed as the inventors of these two patents.

The inventors of all the above five patents-in-suit assigned their rights to TradeAccess, Inc. ("TradeAccess"). Dkt. No. 132 at 7[2] (citing Dkt. No. 132, Exhibits B-F); Dkt. No. 147 (citing Dkt. No. 132, Exhibits B-F). Each of these assignments was filed in the United States Patent & Trademark Office ("USPTO"). Dkt. No. 132 at 8. TradeAccess was formed by Conklin. Dkt. No. 132 at 8; Dkt. No. 147 at 2. On April 2, 2001, an Intellectual Property

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[1] This background was taken from this Court's previous March 20, 2008 Order. Dkt. No. 193 at 1-4.

[2] All page numbers refer to the document header page numbers.

Security Agreement was made between TradeAccess and Silicon Valley Bank where a loan was secured interests to TradeAccess's intellectual property. Dkt. No. 132 at 8 (citing Dkt. No. 132, Exh. G (the “SVB Agreement”); Dkt. No. 147 (citing Dkt. No. 132, Exh. G). The agreement contained a clause stating that the IP Agreement would be “governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.” SVB Agreement at 7. On April 3, 2001, an Intellectual Property Security Agreement was made between TradeAccess and Cross Atlantic Capital Partners, Inc. (“XACP”), as agent for Cross Atlantic Technology Fund, L.P. (“XATF”), The Co-Investment 2000 Fund, L.P. (“CI 2000”), and 3i Technology Partners L.P. (“3i”). Dkt No. 132 at 8; Dkt. No. 147 at 3; Dkt. No. 132, Exh. H (the “XACP Agreement”). XATF, CI 2000 and 3i received first priority in TradeAccess's intellectual property, except as to liens and security interests granted to SVB. Dkt. No. 132, Exh. H at 2. This second agreement also had a Massachusetts choice of law clause. XACP Agreement at 8. These documents were filed with the USPTO. Dkt. No. 132 at 8.

TradeAccess changed its name to Ozro on May 3, 2001 by filing papers with the State of Delaware Office of the Secretary of State. Dkt. No. 132 at 8 (citing Dkt. No. 132, Exh. L). On December 5, 2002, XATF and CI 2000 “entered into a Purchase Agreement with 3i, wherein 3i assigned all rights in its agreements with Ozro, including the Intellectual Property Security Agreement. Dkt. No. 147 at 3. On December 18, 2002, Silicon Valley Bank entered into a Non-Recourse Assignment with XATF and CI 2000, as tenants in common with 2/3 undivided interest to XATF and 1/3 undivided interest to CI 2000, wherein Silicon Valley Bank transferred its rights to the secured loan agreement with Ozro. Dkt. No. 147 (citing Dkt. No. 132, Exh. I at 1). Thus, at this point, the interest was consolidated to XATF and CI 2000.

*2 Under a Settlement Agreement, effective as of June 4, 2003, XACP, CI 2000, and XATF sought to sell to Conklin "certain intellectual property and assets of Ozro, Inc. (f/k/a/ Trade Access, Inc.)." Dkt. No. 132 at 8; Dkt. No. 147 at 4; Dkt. No. 132, Exh. M. The Agreement specified that the Intellectual Property would be purchased by the new entity "Newco" created by Conklin. Dkt. No. 132, Exh. M at 7. The Agreement stated:

> *Public Auction.* The XACP Entities [XACP, CI 2000, and XATF] shall use their best efforts to obtain title to the Intellectual Property for purposes of a transfer from the XACP Entities to Newco, by selling all of the XACP Entities' rights in and to the Secured Intellectual Property by Public Auction within sixty (60) days after the Effective Date. The XACP Entities shall provide Conklin with the opportunity to review and approve the terms and notices relating to the Public Auction prior to their release. At the Public Auction, the XACP entities, or their designee, will credit bid up to $4,031,844, as may be required to purchase the Intellectual Property, including but not limited to

> the right to sue for past infringement or misappropriation of the Patents, covered by security interests held by the XACP Entities. . . .

Dkt. No. 132, Exh. M at 7-8. The $4,031,844 was the "amount owed by Ozro to XACP." Dkt. No. 132 at 8.

On July 14, 2003, a public auction was held regarding the Ozro Intellectual Property. According to the auctioneer:

> The intellectual property assets were offered for sale in two offerings. The first sale was to foreclose on the security interest originally held by Silicon Valley Bank that was subsequently assigned to Cross Atlantic. Cross Atlantic foreclosed on this first priority security interest as assignee of this interest. The second sale was to foreclose on the security interest originally held by Cross Atlantic. Cross Atlantic was the only bidder and it, through its representative Craig Vaughn, purchased the assets for $100,000.

Dkt. No. 132, Exh. N (letter from Atlantic Auctions to counsel for Ozro).

Therefore, XACP foreclosed on both of the security interests. Defendants state that despite this sale, there was no written instrument assigning the Ozro patents to XACP. Dkt. No. 132 at 9. On July 23, 2003 a written assignment was made by XACP to Whitelight Technology, LLC, a predecessor to Sky, for the rights to multiple patents, including the '653 Patent, the '050 Patent, the '105 Patent, as well as, U.S. Application No. 09/702,128, which would later become the '458 Patent, and U.S. Application No. 09/702,062, which would later become the '724 Patent. Dkt. No. 132, Exh. O at 1. This assignment had a choice of law clause for the assignment to be construed pursuant to the laws of the Commonwealth of Pennsylvania. *Id.* at 3. On November 1, 2007, Ozro, Inc. submitted a Certificate of Dissolution to the State of Delaware, which was authorized on April 24, 2007 by Conklin. Dkt. No. 132, Ex. P.

B. Procedural Background

*3 Now before the Court, Defendants contest the assignment made on July 22, 2003 from XACP to Whitelight Technology, LLP as improper because Defendants aver that Ozro never assigned the patents-in-suit to XACP in any instrument in writing after the July 14, 2003 foreclosure. Sky argues that the security agreements and their subsequent recording in the USPTO served as assignments. Ozro has filed a motion to intervene (Dkt. No. 146) in order to resolve the standing issue.

The primary disagreement between Sky and the Defendants was whether the April 2001 Security

Agreements, which were recorded and later foreclosed, were sufficient to satisfy Section 261. Defendants had argued that Ozro was obligated to transfer title, after the July 14, 2003 foreclosure, through a written assignment pursuant to Section 261. *See* Dkt. No. 132 at 9. The Court distinguished conflicting cases proffered by the parties. Sky relied on the Supreme Court decision in ***Waterman v. Mackenzie*** for the proposition that the recording of a security interest "operates as delivery of title to satisfy § 261." Dkt. No. 147 at 5. Defendants relied on *In re Cybernetic* for the proposition that security interests do not qualify as assignments under Section 261." Dkt. No. 132 at 12. In the previous March Order, this Court held that the Ninth Circuit in *In re Cybernetic* merely held that Section 261 only requires the recording of ownership interests in a patent and that *Waterman* does not broadly stand for the proposition that a security interest recorded with the USPTO effectively transfers title to the secured lender under Section 261. Dkt. No. 193 at 14-17.

The Court requested further briefing, asking the parties to address: (1) the effect of any evidence after the foreclosure; (2) whether the provisions of the Security Agreement granted substantial rights as to effect a transfer of title; and (3) the effect of a security agreement that contains provisions to transfer of title but is not effective unless defaulted upon. Dkt. No. 193 at 18.

II. LEGAL PRINCIPLES

"The burden of demonstrating standing falls to [Plaintiff], as '[i]t is well established . . . that before a federal court can consider the merits of a legal claim, the person seeking to invoke the jurisdiction of the court must establish the requisite standing to sue.'" *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026 (Fed. Cir. 1995) (quoting *Whitmore v. Arkansas*, 495 U.S. 149, 154, 110 S.Ct. 1717, 109 L.Ed.2d 135 (1990); citing *Sicom Sys., Ltd. v. Agilent Tech., Inc.*, 427 F.3d 971, 975-76 (Fed. Cir. 2005)).

One seeking damages for infringement of a patent must hold legal title to that patent. *See, e.g.*, *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538 (Fed. Cir. 1995); *Speedplay, Inc. v. Bebop*, 211 F.3d 1245, 1249-50 (Fed. Cir. 2000) (citing 35 U.S.C. §§ 100(d), 261, 281). Under Section 261:

> Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States....

*4 An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

A party without title has no standing to bring suit. *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568 (Fed. Cir. 1991); *Abbott Labs. v. Diamedix Corp.*, 47 F.3d 1128, 1131 (Fed. Cir. 1995) ("The right to sue for infringement is ordinarily an incident of legal title to the patent."). "Further, all co-owners must, ordinarily, consent to join as plaintiffs in an infringement suit." *DDB Techs., LLC v. MLB Advanced Media, LP*, 465 F. Supp. 2d 657, 661 (W.D. Tex. 2006). Legal title, which confers standing, must be held at the inception of the lawsuit. *Paradise Creations*, 315 F.3d at 1308 (citing *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 570 n. 5, 112 S.Ct. 2130, 119 L.Ed.2d 351 (1992) (plurality opinion)); *Gaia Technologies*, 93 F.3d at 777. "The party asserting that it has all substantial rights in the patent 'must produce . . . written instruments documenting the transfer of proprietary rights.'" *Mentor H/S, Inc.*, 240 F.3d at 1017 (quoting *Speedplay*, 211 F.3d at 1250). Section 100(d) provides that a "'patentee' includes not only the patentee to whom the patent was issued but also the successor in title to the patentee." Therefore, the chain of title must be followed in order to determine the party holding legal title to the patent. *See Enzo*, 134 F.3d at 1093; *Gaia Technologies*, 93 F.3d at 777.

"In examining a Rule 12(b)(1) motion, the Court is empowered to consider matters of fact which may be in dispute." *Id.* A court may not grant dismissal "unless it appears certain that the plaintiffs cannot prove any set of facts in support of their claim which would entitle them to relief," and a court "must take as true all of the allegations of the complaint and the facts as set out by the [plaintiffs]." *Saraw Partnership v. U.S.*, 67 F.3d 567, 569 (5th Cir. 1995).

III. MOTION TO DISMISS

Sky has offered several theories in defense against the motion to dismiss. Sky initially argued that a security interest that is recorded in the PTO effects transfer of title. Dkt. No. 147 at 1. Sky stated that the Agreements transferred a title and the rights were slowly consolidated through various assignment agreements. *Id.* at 3. However, as explained above, the Court rejected this argument, stating that the *Waterman* case cited by Sky related to a dispute regarding a subsequent purchase or mortgagee. March Order at 17.

Sky now argues that transfer of title to the patents does not require a written assignment. Dkt. No. 204 at 1. Moreover, Sky states that if a written assignment was required, the Security Agreements are written assignments that are actually conditional assignments that become effective upon default. Dkt. No. 198 at 3. Therefore, Sky argues that the transfer of title occurred at the foreclosure. *Id.* at 5.

*5 The first issue the Court addresses is whether a transfer may be effected through an operation of law.

A. Transfer by Operation of Law and Choice of Law

1. Parties' Positions

Defendants cite to a recently issued Federal Circuit authority, *Akazawa v. New Link Technology International, Inc.*, 520 F.3d 1354 (Fed. Cir. 2008), arguing that the Federal Circuit affirmed the "requirement that transfer by assignment under § 261 'be in writing.'" Dkt. No. 200 at 14 n. 46. Defendants state that the question of automatic assignment is a matter of federal and not state law. Dkt. No. 200 at 14 (citing *DDB Techs. L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008)). Defendants further argue that a debtor must "convey written title or written title must be ordered conveyed by a duly-authorized court." *Id.* at 14 (citing *Ager v. Murray*, 105 U.S. 126, 131, 26 L.Ed. 942 (1881)).

Sky argues that new Federal Circuit authority, *Akazawa*, provides that title to patents can pass by operation of law and no written assignment under § 261 is necessary. Dkt. No. 204 at 1 (citing *Akazawa*, 520 F.3d at 1356-57). Sky contends that Defendants argue that federal law applies in order to advance *Ager*. Dkt. No. 204 at 4. Sky believes that *Ager* is inapplicable and distinguishable because *Ager* was decided before the creation and adoption of the Uniform Commercial Code ("UCC"). *Id.* at 4-5.

Defendants reply that Section 261 requires that assignments be in writing. Dkt. No. 206 at 8.

Defendants contend that courts have long recognized that state probate law automatically vests legal title in a patentee's heirs and interprets the holding in *Akazawa* to be limited to extending those decisions to allow the probate law of another nation to similarly vest legal title in an heir without a written assignment. *Id.* at 8 (citing *Akazawa*, 520 F.3d at 1357-58; *H.M. Stickle v. Heublein, Inc.*, 716 F.2d 1550, 1558 (Fed. Cir. 1983); *Winkler v. Studebaker Bros. Mfg. Co.*, 105 F. 190, 190-91 (C.C.S.D.N.Y. 1900)). Defendants clarify that they do "not contend, as Sky represents, 'that the ***only*** means by which title to patents transfers is an assignment in writing or court Order compelling assignment'" rather that "where-as here following XACP's purported foreclosure on Ozro's patents-no state law operates to vest legal title to the patents, a plaintiff must obtain a written assignment pursuant to Section 261 in order to establish its legal title and therefore standing to pursue any claim for patent infringement." *Id.* at 8-9.

2. Analysis

Defendants and Sky fundamentally agree on the general holding of *Akazawa* that "there is nothing that limits assignment as the only means for transferring patent ownership. Indeed, the case law illustrates that ownership of a patent may be changed by operation of law." *Akazawa*, 520 F.3d at 1356. The primary difference between Defendants and Sky's argument is that Defendants presume that there is no state law that operates to vest legal title to the patents and Defendants conclude that legal title must therefore be established through a written assignment pursuant to Section 261 or a Court order. *See* Dkt. No. 206 at 9.

***6** In *Akazawa*, the defendant challenged the standing of the plaintiff. The inventor of the patent in interest, U.S. Patent No. 5,615,761 ("the '716 patent"), had died intestate, and the heirs, the inventors' wife and two daughters, consolidated their rights to a single daughter through an "Inheritance Agreement," and the daughter in turn assigned the rights under the patent to the plaintiff. *Akazawa*, 520 F.3d at 1355. The defendant argued that Section 261 "mandates a writing where there is a transfer upon death in order for there to be a proper assignment between two entities." *Id.* Like in this case, the defendant stated that the plaintiff did not own the patent because "there was never a writing transferring the '716 patent from the estate of [the inventor] to [the inventors' heirs], the inheritance agreement between [the inventors' heirs] and the assignment between [the daughter] and [the plaintiff] notwithstanding." *Id.* The Federal Circuit held that "ownership of a patent may be changed by operation of law." *Id.* at 1356.

Likewise, the Court determines that ownership of a patent may be changed by operation of law, and thus, the Court must determine whether the Security Agreement and subsequent foreclosure transferred the patent by operation of law.

Defendants argue that federal law, not state law, applies in automatic assignments, and argue that because there was no written assignment, federal law, as posited by *Ager*, requires a Court order. *See* Dkt. No. 200 at 14. Defendants rely on *DDB Technologies* for the proposition that federal law would apply in this case. *Id.* In *DDB Technologies*, the defendant had obtained a license to the patents-in-suit from the former employer of one of the inventors, who helped to form the plaintiff company. *DDB Technologies*, 517 F.3d at 1288. The district court had to evaluate whether, under the employment agreement between the former employer and the employee/inventor, there was an automatic assignment of the inventor's rights. *Id.* The Federal Circuit first determined that "[a]lthough state law governs the interpretation of contracts generally, the question of whether a patent assignment clause creates an automatic assignment or merely an obligation to assign is intimately bound up with the question of standing in patent cases" and concluded that this was a matter of federal law. *Id.* at 1289-90.

On the other hand, Judge Newman's dissent stated that the panel majority was overreaching and contrary to law and precedent and Judge Newman narrowly stated the majority's holding as relating to "interpretation of employment contracts, including clauses establishing employer-employee obligations with respect to inventions and patents." *Id.* at 1296. Here, there is not an employment contract, but rather a security agreement. As explained above, the *Akazawa* case addressed the analogous question of whether there was a break in the chain of title due to the lack of written assignment pursuant to Section 261. In *Akazawa*, the Federal Circuit held that the "case law is clear that state law, not federal law, typically governs patent ownership." *Akazawa*, 520 F.3d at 1357 (citing *Jim Arnold Corp. v. Hydrotech Sys., Inc.*, 109 F.3d 1567, 1572 (Fed. Cir. 1997). The Federal Circuit determined that resolution of the issues required an interpretation of Japanese intestacy law. *Id.* at 1358.

*7 The Court determines that state law, not federal law, should govern this case. Here, both Security Agreements stated that Massachusetts choice of law would apply. SVB Agreement at 7; XACP Agreement at 8. Therefore, the Court applies Massachusetts law, specifically the Massachusetts UCC (i.e. Mass. Ann. Laws ch. 106 Art. 9), to determine whether there was a transfer of title by operation of law.

B. Transfer of Title

1. Parties' Positions

Sky argues that "numerous courts have observed the passing of title to intellectual property upon a debtor's default." Dkt. No. 198 at 4 (citing *Haymaker Sports, Inc. v. Turian*, 581 F.2d 257, 261 (C.C.P.A. 1978); *Health Discovery Corp. v. Ciphergen Biosystems, Inc.*, No. 2:06-cv-260, 2007 WL 128283, at *1 (E.D. Tex. Jan. 11, 2007); *digiGan, Inc. v. iValidate, Inc.*, No. 02 Civ. 420, 2004 WL 203010, at *3 (S.D.N.Y. Feb. 3, 2004)). Sky contends that "full title to the patents-in-suit passed to XACP when Ozro defaulted and XACP foreclosed." *Id.* at 5. Sky states that both Security Agreements provide that the lenders had all "rights and remedies of a secured creditor under the Massachusetts Uniform

Commercial Code." *Id.* at 6 (citing SVB Agreement at 6; XACP Agreement at 6-7). Sky avers that under Massachusetts UCC a default transfers all of the debtor's rights in the collateral, including the rights to sell, lease, license, or dispose of the property. *Id.* (citing MASS. GEN. LAWS ch. 106 at §§ 9-617 & 9-610). Sky emphasizes that under Massachusetts law, "a secured creditor is not required to bring an action to compel assignment to foreclose on intellectual property interests or execute any additional instrument upon foreclosure," citing that Massachusetts UCC does not contain a provision requiring additional action after foreclosure on intellectual property. *Id.* at 9 (citing MASS. GEN. LAWS ch. 106 at Art. 9). Sky argues that the Security Agreements were conditional assignments that were duly recorded with the PTO, thus fulfilling Section 261. *Id.* at 7.

Defendants respond that the security interests are not "conditional assignments." Dkt. No. 200 at 6. Defendants reiterate that an assignment must transfer all substantial rights while a security interest is an agreement for a future assignment and not a "present ownership right in the patent." *Id.* at 8-9 (citing *Aspex Eyewear, Inc. v. Miracle Optics, Inc.*, 434 F.3d 1336, 1341 (Fed. Cir. 2006); *Trimarchi v. Together Dev. Corp.*, 255 B.R. 606, 611 (D. Mass. 2000); quoting *City Bank and Trust Co. v. Otto Fabric, Inc.*, 83 B.R. 780, 782 (D. Kan. 1988)). Defendants note that the language of the contract does not provide for an automatic assignment, but rather, the grant clause and other provisions repeatedly provides for a security interest. *Id.* at 10-

12 (citing SVB Agreement ¶¶ 1, 3(c), 3(I), 3(k), 6(a), 8; XACP Agreement ¶¶ 1, 3(c), 3(h), 3(I), 3(k), 6(a); *DDB Tech.*, 517 F.3d at 1290).

*8 Defendants state that a security interest does not convey title and is not an assignment. Dkt. No. 200 at 11-12 (citing *Holt v. United States*, 13 U.C.C. Rep. Servs. 336, 1973 WL 614, at *1 (D.D.C. 1973)). Defendants note that the article that Sky relies upon for its assignment theory recognizes a security interest to be a "lesser interest in the collateral." *Id.* (citing Thomas L. Bahrick, *Security Interests in Intellectual Property*, 15 A.I.P.L.A. Q.J. 30, 40 (1987)).

Defendants further provide that the default did not transfer substantial rights. Dkt. No. 200 at 14. Defendants argue that federal law should apply and that "[e]ven where the language in the underlying loan documents provides the creditor 'an entitlement to an immediate assignment of all right, title, and interests to the patents, with the right and power to execute and record an assignment of the patents as attorney-in-fact on behalf of the debtor after notice of default,' courts have held that 'no actual assignment of the patents occurred.'" *Id.* at 15 (quoting *In re Tower Tech, Inc.*, 67 Fed. Appx. 521, 524 (10th Cir. 2003)).

Defendants alternatively argue that even if Massachusetts law applied, the courts are "clear that 'an event of default does not automatically transfer possession to the creditor.'" Dkt. No. 200 at 15 (quoting *McDonald v. Rockland Trust Co.*, 59 Mass. App. Ct. 836, 798 N.E.2d 323, 327 (Mass. App.

2003)). Defendants cite that Massachusetts states that after foreclosure, if the debtor refuses to sign a written transfer of title, the creditor may file a "transfer statement." *Id.* at 15-16, 798 N.E.2d 323 (M.G.L.A. 106 § 9-619 Comment 2). Defendants assert that a creditor may alternatively seek a court order compelling a written assignment or appointing a receiver to issue a written assignment, which Ozro failed to do in its transfer to XACP. *Id.* at 16, 798 N.E.2d 323 (citing *Barton v. White*, 144 Mass. 281, 284, 10 N.E. 840 (Mass. 1887); *Wilson v. Martin-Wilson Automatic Fire-Alarm Co.*, 151 Mass. 515, 24 N.E. 784 (Mass. 1890); *McCann v. Randall*, 147 Mass. 81, 17 N.E. 75 (Mass. 1888)).

Sky responds that the *McDonald* case cited by Defendants is correct in stating that "an event of default does not automatically transfer possession to the creditor, [but] *McDonald* does not stand for the broader principle that title cannot pass by operation of law." Dkt. No. 204 at 5. Sky states that a creditor has several options, including forbearing the enforcement of its security agreement, and in this situation "XACP elected to foreclose and purchase the patents." *Id.* Sky contends that, contrary to Defendants' assertion, § 9-619 does not require that XACP execute a "transfer statement," which is a non-mandatory statement that is used "to address procedural problems that can arise when a secured party effects a non-volitional transfer, and the 'transfer statement' assists the secured party in recording its interest." *Id.* at 6 (citing MASS. GEN. LAWS ch. 106 § 9-619 Author's Note).

*9 Defendants counter that "unless state law specifically vests legal title to a patent, a written assignment is required to vest legal title." Dkt. No. 206 at 9 (citing *Ager v. Murray*, 105 U.S. 126, 131, 26 L.Ed. 942 (1881)). Defendants contend that Massachusetts law does not operate to vest legal title to patents following a default. *Id.* at 10. Defendants argue that in *In re Roman Cleanser Co.*, 43 B.R. 940, 948 n. 4 (Bank. Mich. 1984), aff'd 802 F.2d 207 (6th Cir. 1986), the court held that a security interest in a trademark was not an assignment upon default, and even after a creditor enforces the security interest, the creditor was still required to comply with the written assignment provision of the Lanham Act. *Id.* at 10 n. 17. Otherwise, Defendants assert a court of equity could appoint a trustee to make the assignment, and in this situation Defendants argue that XACP could have executed a written assignment to itself as it was Ozro's "attorney in fact." *Id.* at 10 (citing *Wilson v. Martin-Wilson Automatic Fire-Alarm Co.*, 151 Mass. 515, 516-17, 519-20, 24 N.E. 784 (Mass. 1890); XACP Agreement at 6).

Defendants distinguish the probate cases cited in *Akazawa* and argue that unlike those cases, Massachusetts UCC § 9-610 "does not provide that legal title to a patent 'shall vest immediately' or 'vests by operation of law' in a creditor upon default or foreclosure." Dkt. No. 206 at 11 (citing *H.M. Stickle*, 716 F.2d at 1558; *Winkler*, 105 F. at 190-91). Defendants reiterate that the Tenth Circuit in *In re Tower Tech* rejected an automatic transfer of title. *Id.* Regarding the "transfer statement," Defendants aver that it is not required but is one mechanism to obtain title after default without a court order; however, Defendants note that this mechanism would not be needed if title to the patent vested automatically as Sky claims. *Id.* at 11-12 (citing Thomas M. Ward, ***Intellectual Property in Commerce*** § 3:70 (2007)). Defendants state that the cases cited by Sky support Defendants' position that an affirmative act had to be made after foreclosure. *Id.* at 12 (citing ***Health Discovery***, 2007 WL 128283, at * 1; ***digiGan***, 2005 WL 2254464, at *3).

2. Analysis

From the briefing, the Defendants and Sky appear to agree on two preliminary issues of law. Defendants have conceded that a patent may pass by operation of law and a written assignment is not the only method to transfer a patent. Defendants' Sur-Reply, Dkt. No. 206 at 8. Likewise, Sky has conceded that a default of a security interest does not automatically transfer possession to the creditor. Sky's Reply, Dkt. No. 204 at 5 (citing ***McDonald***, 798 N.E.2d at 327 (stating "an event of default does not automatically transfer possession to the creditor")). Defendants assert that there is no state law that automatically vests legal title upon foreclosure, whereas Sky argues that it is the foreclosure and purchase of the patents that effected the transfer. *See* Dkt. No. 206 at 9; Dkt. No. 204 at 5. Therefore, the point of contention between the parties, and the issue that the Court must resolve, is whether there was a transfer of the patents from Ozro to XACP through an operation of law, specifically whether a foreclosure sale and purchase, under Massachusetts

UCC, is sufficient to transfer title by operation of law.

***10** The Security Agreements provide the following remedies upon a default:

> 8. *Remedies*. Upon the occurrence and continuance of an Event of Default, Lender shall have the right to exercise all the remedies of a secured party under the Massachusetts Uniform Commercial Code, including without limitation the right to require Grantor to assemble the Intellectual Property Collateral and any tangible property in which Lender has a security interest and to make it available to Lender at a place reasonably designated by Lender . . . .

SVB Agreement at 6.

> 8. Remedies. (a) Upon the occurrence and continuance of an Event of Default, Agent shall have the right to exercise all the remedies of a secured party upon such default under the Massachusetts Uniform Commercial Code (the "UCC") (or other applicable Federal or other law), in addition to which, Agent shall have the following rights and remedies: (I) to take possession of all or any portion of the Intellectual Property Collateral, (ii) to sell, lease, or otherwise dispose of any or all of the Intellectual

> Property Collateral, in its then condition or following such preparation or processing as the Agent deems advisable and with or without the taking of possession of any of the Intellectual Property Collateral, and (iii) to exercise all or any of the rights, remedies, powers, privileges, and discretions under all or any of the documents relating to the Secured Obligations.

XACP Agreement at 6-7.

Sky argues that the mere foreclosure results in the transfer of title. Defendants rely significantly on *In re Tower Tech*, an unpublished Tenth Circuit opinion that found that a notice of default did not provide for an actual assignment of secured patents, even though the promissory note contained the provision that, in the event of default, the lender "shall receive an immediate assignment of all right, title and interest to the patents specified as collateral."[3] *In re Tower Tech.*, 67 Fed. Appx. at 523-24. The Court notes that unlike the foreclosure sale that occurred here, in *Tower Tech*, the debtor only gave a notice of default and acted no further. *In re Tower Tech.*, 67 Fed. Appx. at 524. Defendants cite to the treatise Intellectual Property in Commerce for the proposition that there is a need for a "post-default document that reflects transfer of ownership out of the debtor." Dkt. No. 206 at 11 (citing Thomas J. Ward, *Intellectual Property in Commerce* § 3:70). Specifically the treatise stated:

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[3] This is consistent with the Federal Circuit case cited by Defendants, *IpVenture, Inc. v. Prostar Computer, Inc.*, 503 F.3d 1324, 1327 (Fed. Cir. 2007), holding that an agreement stating "agree to assign" was a future assignment, not a present assignment.

> Because the federal forms of intellectual property are subject to a system of "title" registration or recording, it is important for the secure party to be able to have a recordable post-default document that reflects transfer of ownership out of the debtor. The record transferee might be the foreclosure sale buyer, assignee or exclusive licensee. The record transferee might also be the secured party, either permanently, in the case of a strict foreclosure, or temporarily, in anticipation of disposition to a subsequent party. The security agreement can be supplemented by the attachment of such a recordable ownership document along with the debtor's power of attorney authorizing the secured party's nominee to complete and execute the form on default. If such a document is not provided for in advance, and the debtor is not willing to cooperate after default, the secure party can go to court to either force the debtor to execute the necessary papers or to obtain a recordable document prepared by the court itself.

> *11 Thomas J. Ward, Intellectual Property in Commerce § 3:70

In support of this proposition, the treatise cites to *Tower Tech*, stating:

Although the court in *Tower Tech* does not expressly say that the lender could have taken good title to the patent collateral on default without following the provisions for either "acceptance of collateral" or "disposition" in Article Nine, it seems to suggest as much. While a secure party should be entitled to execute the necessary post-default transfer documents under a proper power-of-attorney, these documents must be executed in furtherance of an otherwise reasonable disposition of the collateral (*U.C.C. [Revised] §§ 9-610* to *9-617*) or a properly proposed "acceptance in satisfaction" (*U.C.C. [Revised] §§ 9-620* to *9-621*).

Thomas J. Ward, Intellectual Property in Commerce § 3:70 n. 1.

Taking these two sections together, the Court first notes that the treatise presumes a need for a "post-default document that reflects transfer of ownership," presumably out of the writing assignment requirements of the various intellectual property acts. See 35 U.S.C. § 261 (patent); 15 U.S.C. § 1060 (trademark); 17 U.S.C. § 204 (copyright). However, as already explained above, the Federal Circuit held in Akazawa that a writing is not required to transfer title, rather, title may pass by operation of law. Akazawa, 520 F.3d at 1356. This finding is also consistent with Tower Tech and other Michigan cases finding that a mere default or notice of default was insufficient to transfer title. The treatise suggests that a subsequent action was required, either through a disposition under UCC § 9-610 or an acceptance in satisfaction under UCC § 9-620, dealing with a strict foreclosure.

Alternatively, a court order or a transfer statement pursuant to UCC § 9-619 would be acceptable.

Massachusetts Annotated Laws ch. 106 § 9-610(a) provides: "After default, a secured party may sell, lease, license, or otherwise dispose of any or all of the collateral in its present condition or following any commercially reasonable preparation or processing." Massachusetts Annotated Laws ch. 106 § 9-610(c) provides: "A secured party may purchase collateral: (1) at a public disposition; or (2) at a private disposition only if the collateral is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations." Further, as explained in Massachusetts Annotated Laws ch. 106 § 9-617(a) a "secured party's disposition of collateral after default: (1) transfers to a transferee for value all of the debtor's rights in the collateral," and comment 2 states "Title Taken by Good-Faith Transferee. Subsection(a) sets forth the rights acquired by persons who qualify under subsection (b)-transferees who act in good faith. Such a person is a 'transferee,' inasmuch as a buyer at a foreclosure sale does not meet the definition of 'purchaser' in Section 1-201 . . . ."

*12 Here, the patents were placed at a "public" auction. XACP foreclosed on both of the security interests and Ozro was later notified of the sale. See Dkt. No. 132, Exh. N. Thus, unlike the debtor in *Tower Tech*, XACP acted beyond merely noticing the default and actively foreclosed on the property, pursuant to §§ 9-610 and 9-617. Therefore, the point at which title transferred was on the date of the foreclosure, July 14, 2003. The transfer to

Whitelight Technologies, predecessor to Sky, occurred on July 22, 2003. Dkt. No. 132, Exh. O. Thus, the chain-of-title was not broken and Sky has proper title to the patents-in-suit. Moreover, Defendants had previously stated that Ozro had executed Terminal Disclaimers on June 4 and 5, 2001 and June 3, 2003 as well as a license on November 19, 2001. *See* Dkt. No. 198 at 8. However, the transfer of title on July 22, 2003 is consistent with Ozro's actions prior to this time, as it held title while the other entities merely held a security interest.

III. CONCLUSION

For the foregoing reasons, the Court **DENIES** Defendants' Rule 12(b)(1) Motion to Dismiss for Lack of Standing (Dkt. No. 132).

Accordingly, the Court **DISMISSES** Ozro's Motion to Intervene (Dkt. No. 146) as **MOOT.**

It is so **ORDERED.**

Appendix E

Sky Technologies LLC v. SAP AG, Order (E.D. Tex. March 20, 2008)

United States District Court,
Eastern District of Texas,
Marshall Division

SKY TECHNOLOGIES LLC, Plaintiff,
v.
SAP AG, SAP America, Inc. and Oracle Corporation,
Defendants.

Civil Action No. 2:06-CV-440 (DF)
Docket No. 193 (March 20, 2008)

ORDER

Currently before the Court is Defendants' Rule 12(b)(l) Motion to Dismiss for Lack of Standing (Dkt. No. 132) and related briefing (Dkt. Nos. 147, 155, 171, 186, 189). The Court held a hearing regarding this matter on February 28, 2008. Dkt. No. 187. The Court is of the opinion that additional briefing is required.

I. BACKGROUND

On October 17, 2006, Plaintiff Sky filed a claim for infringement of U.S. Patent Nos. 6,141,653 (the "'653 Patent"), 6,336,105 (the "'105 Patent"), and 6,338,050 (the "'050 Patent"). Complaint, Dkt. No. 1. Jeffrey Conklin ("Conklin"), David Foucher, and Daniel Foucher are the named inventors of these patents. United States Patent Nos. 7,162,458 (the "'458 Patent") and 7,149,724 (the "'724 Patent") were later added. Second Amended Complaint, Dkt. No. 44. Conklin, David Foucher, Daniel Foucher, and William J. Flanagan are listed as the inventors of these two patents.

The inventors of all the above five patents-in-suit assigned their rights to TradeAccess, Inc. ("TradeAccess"). Dkt. No. 132 at 7 (citing Dkt. No. 132, Exhibits B-F); Dkt. No. 147 (citing Dkt. No. 132, Exhibits B-F). Each of these assignments was filed in the United States Patent & Trademark Office ("USPTO"). Dkt. No. 132 at 8. TradeAccess was formed by Conklin. Dkt. No. 132 at 8; Dkt. No. 147 at 2. On April 2, 2001, an Intellectual Property Security Agreement was made between TradeAccess and Silicon Valley Bank where a loan was secured by interests in TradeAccess's intellectual property. Dkt. No. 132 at 8 (citing Dkt. No. 132, Exhibits G); Dkt. No. 147 (citing Dkt. No. 132, Exh. G). The agreement contained a clause stating that the IP Agreement would be "governed by and construed in accordance with the laws of the Commonwealth of Massachusetts." Dkt. No. 132, Exh. G at 7. On April 3, 2001, an Intellectual Property Security Agreement was made between TradeAccess and Cross Atlantic Capital Partners, Inc. ("CACP"), as agent for Cross Atlantic Technology Fund, L.P. ("XATF"), The Co-Investment 2000 Fund, L.P. ("CI 2000"), and 3i Technology Partners L.P. ("3i") (collectively "XACP"). Dkt No. 132 at 8; Dkt. No. 147 at 3; Dkt. No. 132, Exh. H. This second agreement also had a Massachusetts choice of law clause. Dkt. No. 132, Exh. H at 8. These documents were filed with the USPTO. Dkt. No. 132 at 8.

TradeAccess changed its name to Ozro on May 3, 2001 by filing papers with the State of Delaware Office of the Secretary of State. Dkt. No. 132 at 8 (citing Dkt. No. 132, Exh. L). On December 5, 2002, XATF and CI 2000 (collectively, the "XACP Entities") "entered into a Purchase Agreement with 3i, wherein 3i assigned all rights in its agreements with Ozro, including the Intellectual Property Security Agreement. Dkt. No. 147 at 3. On December 18, 2002, Silicon Valley Bank entered into a Non-Recourse Assignment with the XACP Entities, wherein Silicon Valley Bank transferred its rights to the secured loan agreement with Ozro. Dkt. No. 147 (citing Dkt. No. 132, Exh. I at 1).

Under a Settlement Agreement, effective as of June 4, 2003, the XACP Entities sought to sell to Conklin "certain intellectual property and assets of Ozro, Inc. *(f/k/a* Trade Access, Inc.)." Dkt. No. 132 at 8; Dkt. No. 147 at 4; Dkt. No. 132, Exh. M. The Agreement specified that the Intellectual Property would be purchased by the new entity "Newco" created by Conklin. Dkt. No. 132, Exh. M at 7. The Agreement stated:

> Public Auction. The XACP Entities shall use their best efforts to obtain title to the Intellectual Property for purposes of a transfer from the XACP Entities to Newco, by selling all of the XACP Entities' rights in and to the Secured Intellectual Property by Public Auction

> within sixty (60) days after the Effective Date. The XACP Entities shall provide Conklin with the opportunity to review and approve the terms and notices relating to the Public Auction prior to their release. At the Public Auction, the XACP entities, or their designee, will credit bid up to $4,031,844, as may be required to purchase the Intellectual Property, including but not limited to the right to sue for past infringement or misappropriation of the Patents, covered by security interests held by the XACP Entities. . . .

Dkt. No. 132, Exh. M at 7-8. The $4,031,844 was the "amount owed by Ozro to XACP." Dkt. No. 132 at 8.

On July 14, 2003, a public auction was held regarding the Ozro Intellectual Property. According to the auctioneer:

> The intellectual property assets were offered for sale in two offerings. The first sale was to foreclose on the security interest originally held by Silicon Valley Bank that was subsequently assigned to Cross Atlantic. Cross Atlantic foreclosed on this first priority security interest as assignee of this interest. The second sale was to foreclose on the security interest originally held by Cross Atlantic. Cross Atlantic was the only

> bidder and it, through its representative Craig Vaughn, purchased the assets for $100,000.

Dkt. No. 132, Exh. N (letter from Atlantic Auctions to counsel for Ozro).

Defendants state that despite this sale, there was no written instrument assigning the Ozro patents to XACP. Dkt. No. 132 at 9. On July 23, 2003 a written assignment was made by XACP to Whitelight Technology, LLC, a predecessor to Sky, for the rights to multiple patents, including the '653 Patent, the '050 Patent, the '105 Patent, as well as, U.S. Application No. 09/702,128, which would later become the '458 Patent, and U.S. Application No. 09/702,062, which would later become the '724 Patent. Dkt. No. 132, Exh. O at 1. This assignment had a choice of law clause for the assignment to be construed pursuant to the laws of the Commonwealth of Pennsylvania. *Id.* at 3. On November 1, 2007, Ozro, Inc. submitted a Certificate of Dissolution to the State of Delaware, which was authorized on April 24, 2007 by Conklin. Dkt. No. 132, Ex. P.

Now before the Court, Defendants contest the assignment made on July 22, 2003 from XACP to Whitelight Technology, LLP as improper because Defendants aver that Ozro never assigned the patents-in-suit to XACP in any instrument in writing after the July 14, 2003 foreclosure. Sky argues that the security agreements and their subsequent recording in the USPTO served as assignments.

Ozro seeks to intervene in order to resolve the standing issue.

II. MOTION TO DISMISS

A. PARTIES' POSITIONS

Defendants argue that Sky cannot demonstrate that it held legal title or was an exclusive licensee at the inception of the lawsuit. Dkt. No. 132 at 9-10 (citing *Enzo APA & Son, Inc.* v. *Geapag A.G.*, 134 F.3d 1090, 1093 (Fed. Cir. 1998); *Reid v. Gen. Motors Corp.*, 489 F. Supp. 2d 614, 616 (E.D. Tex. 2007)). Defendants state that Sky acknowledges that the chain-of-title ending with its July 22, 2003 acquisition from XACP depends from XACP's auction acquisition. Dkt. No. 132 at 10 (citing *In re Novon Int'l, Inc.*, 2000 WL 432848, at *5 (W.D.N.Y. Mar. 31, 2000); *Sanofi S.A. v. Med-Tech Veterinarian Prods., Inc.*, 565 F. Supp. 931, 939 (D.N.J. 1983)). Defendants state that 35 U.S.C. § 261 ("Section 261") requires that an assignment be in writing and there are no exceptions. *Id.* at 10-11 (citing *United States v. Solomon*, 825 F.2d 1292, 1296 (9th Cir. 1987); *Gaia Techs., Inc. v. Reconversion Techs., Inc.*, 93 F.3d 774, 777 (Fed. Cir. 1996), *reh'g granted in part & opinion amended,* 104 F.3d 1296 (Fed. Cir. 1996); *Waymark Corp. v. Porta Sys. Corp.*, 334 F.3d 1358, 1364 (Fed. Cir. 2003); *Univ. Patents, Inc. v. Kligman*, 762 F. Supp. 1212, 1219 (E.D. Pa. 1991)).

Defendants aver that the act of foreclosure itself does not satisfy the requirement of a writing conveying title. *Id.* at 11 (citing *Ager v. Murray*, 105

U.S. 126, 131 (1881)). Defendants reject Sky's assertion that the documents surrounding the foreclosure constitute the assignment. *Id.* at 11 n.26. Defendants state that an entitlement to the rights to a patent, such as after a notice of default, does not constitute an actual assignment. *Id.* at 12 (citing *In re Tower Tech., Inc.*, 67 Fed. Appx. 521, 524 (10th Cir. 2003)). Defendants add that security interests are also not adequate written assignments. *Id.* (citing ***Moldo v. Matsco, Inc. (In re Cybernetic Servs.)***, 252 F.3d 1039, 1052 (9th Cir. 2001), *cert. denied*, 534 U.S. 1130, 122 S.Ct. 1069, 151 L. Ed. 2d 972 (2002)). Defendants note that the "June 4, 2003 agreement between XACP and Mr. Conklin sets forth only a pledge by XACP to use its best efforts to secure Ozro's intellectual property by foreclosure. . . . [but] did not set forth any assignment from Ozro to XACP." *Id.*

Defendants argue that under the governing law of Massachusetts, XACP had two options to acquire title if Ozro was unable or unwilling to assign the patents. *Id.* at 13. Defendants state that XACP could have sought a court order compelling assignment or sought the appointment of a receiver to issue the written assignment. *Id.* (citing ***Barton v. White***, 144 Mass. (1 Allen) 281, 284 (Mass. 1887); ***McCann v. Randall***, 147 Mass. 81, 17 NE 75, 88 (Mass. 1888)). Defendants conclude that since XACP failed to do either, it and its successor, Sky, did not take title to any of the patents-in-suit. *Id.*

Defendants state that Sky cannot "disregard corporate structures and formalities." Dkt. No. 132 at 13. Defendants argue that although Conklin founded TradeAccess, Ozro, and Sky, by electing to have the "benefit of an independent corporate structure for Sky, without any of the obligations owed by TradeAccess and Ozro to their shareholders and creditors, Sky cannot now ignore that independence." *Id.* at 14 (citing *Boise Cascade Corp. v. Wheeler*, 419 F. Supp. 98, 102 (S.D.N.Y. 1976)). Defendants emphasize that corporations are "separate and distinct from that of its owners" and a similar argument of "reverse piercing" the corporate veil was rejected by the court in *Lans v. Gateway 2000.* Dkt. No. 132 at 14 (citing *Wheeler*, 419 F. Supp. at 102; *Lans v. Gateway 2000, Inc.*, 84 F. Supp. 2d 112, 123 n.10, *aff'd Lans v. Digital Equip. Corp.*, 252 F.3d 1320 (Fed. Cir. 2001)).

Defendants argue that Sky cannot cure its lack of standing by joining Ozro because legal title must exist at the inception of the lawsuit. Dkt. No. 132 at 14 (citing *MyMail, Ltd. v. America Online, Inc.*, 476 F.3d 1372, 1375 (Fed. Cir. 2007)). Defendants add that Ozro was previously dissolved and has not paid franchise taxes that would be necessary for Ozro to maintain a corporate charter. *Id.* at 15 (citing Dkt. No. 132, Exh. T & P; 8 Del. Code. Ann. tit. 8 §§ 510, 122 (2005)). Defendants state that Sky may not cure by securing a retroactive assignment in writing. *Id.* at 14-15 (citing *Paradise Creations, Inc. v. UV Sales, Inc.*, 315 F.3d 1304, 1309-10 (Fed. Cir. 2003)).

Sky responds that "[a]ccording to clear Supreme Court authority, 'a federally recorded security agreement grants title to the secured lender' under § 261." Dkt. No. 147 at 5 (citing *City Bank* *and Trust Co. v. Otto Fabric, Inc.*, 83 B.R. 780, 783 (D. Kan. 1988)). Sky cites to *Waterman v. Mackenzie* for the proposition that the recording of a security interest of a patent with the PTO "operates as delivery of title to satisfy § 261." *Id.* (citing *Waterman v. Mackenzie*, 138 U.S. 252, 257 (1891)). Sky concludes that title was transferred when Silicon Valley Bank and XACP recorded their security interests with the USPTO and when Silicon Valley Bank assigned its interests to XACP by written assignment. *Id.* at 5-6.

Sky asserts that the facts in this case go beyond *Waterman* because a "security interest and concomitant foreclosure is sufficient to transfer title." Dkt. No. 147 at 6 (citing *Digigan, Inc. v. iValidate, Inc.*, 2004 WL 203010, at *3 (S.D.N.Y. Feb. 3, 2004); *cf. Bordener v. Herrinton*, 2005 WL 3506594, at *4 (Mich. App. Dec. 22, 2005)). Sky also states that the authority cited by Defendants, *Ager v. Murray*, is inapposite because "*Ager* does not apply to loans secured by patent rights. Instead, *Ager* addresses the proper procedure to pass title when a loan is *not* secured by patent rights." *Id.* at 7. Sky distinguishes *Ager* by arguing that Ozro secured its loan with patent rights and that Ozro's situation is controlled by *Waterman*. *Id.* at 7-8.

Sky also urges the Court to grant Ozro's Motion to Intervene and avoid this issue altogether by rendering the standing argument moot. Dkt. No. 147 at 8. Sky responds that Ozro does not owe Delaware franchise taxes as asserted by Defendants because Ozro was dissolved on November 1, 2007 and Ozro paid its outstanding taxes on or about that date. *Id.* at 9 (citing Conklin Affidavit, Dkt. No. 147, Exh. C; Delaware Status Report dated January 10, 2008, Dkt. No. 147, Exh. D).

Defendants reply that the Intellectual Property Security Agreements entered in April 2001 did not transfer title of the patents to XACP. Dkt. No. 155 at 8. Defendants state that the Ninth Circuit's decision in *In re Cybernetic* is the only federal appellate court to consider whether security interests qualify as written assignment under Section 261, and it held that security interests were outside the scope of Section 261. Dkt. No. 155 at 9 (quoting *In re Cybernetic*, 252 F.3d at 1056). Defendants note a creditor holding a UCC Article 9 security interest, unlike a creditor holding a mortgage, does not hold title to the patents but is rather a "hypothetical lien creditor." *Id.* (citing *In re Cybernetic*, 252 F.3d at 1053-55). Defendants conclude that under the Uniform Commercial Code, "the security interests kept title to the patents in the debtor, while giving the creditors only the right to foreclose upon the failure to pay the debt." *Id.* at 10. Defendants argue that Ozro could have secured its debts with a *Waterman-type* mortgage but chose to secure them with a security interest. *Id.* at 11.

Defendants cite to other evidence that title had not passed. Defendants state that after the April 2001 date that the security interests were granted, Ozro's counsel filed terminal disclaimers declaring TradeAccess was the owner of the patents-in-suit. *Id.* Defendants state that only the owner may file a terminal disclaimer, and the terminal disclaimers that were filed would otherwise be invalid. *Id.* (citing *Sygenta Seeds, Inc. v. Monsanto Company*, 2004 WL 2790499, at *3 (D. Del. Nov. 19, 2004), *aff'd* 231 Fed. Appx. 954 (Fed. Cir. 2007); *Group One Ltd. v. Hallmark Cards, Inc.*, 407 F.3d 1297, 1306 (Fed. Cir. 2005)). Defendants also note that "Ozro granted a non-exclusive license to the patents-in-suit to I-many, Inc. on November 19, 2001, something Ozro would not have standing to do if, by April 3, 2001, the security agreements had in fact transferred 'all right, title and interest to the patented technology' from Ozro to its creditors." *Id.* at 11-12 (citing *Sicom Sys. v. Agilent Techs. Inc.*, 427 F.3d 971, 974 (Fed. Cir. 2005)).

Defendants respond to Sky's request to intervene under Federal Rule of Civil Procedure ("Rule") 24 by arguing that standing must be present at the inception of the lawsuit and may not be cured by the addition of a party with standing. Dkt. No. 155 at 12. Defendants note that both the Federal Circuit and Fifth Circuit have held that a jurisdictional defect cannot be later remedied. *Id.* at 12-13 (citing *Schreiber Foods, Inc. v. Beatrice Cheese, Inc.*, 402 F.3d 1198, 1203 (Fed. Cir. 2005); *Interstate Commerce Commission v. Souther R. Co.*, 380 F. Supp. 386, 394-95 (M.D. Ga. 1974), *aff'd in relevant part,* 543 F.2d 534 (5th Cir. 1976); *Bhandari v. Cadence Design Sys.*, 485 F. Supp. 2d 747, 750 (E.D. Tex. 2007)).

Sky replies that the Security Agreements indicate that the patents were granted as "collateral security." Dkt. No. 171 at 1 (citing Dkt. No. 132, Exh. G at 2; Dkt. No. 132, Exh. H at 2). Specifically, Sky argues that the Security Agreements provide for the reassignment to Ozro upon repayment of the debt. *Id.* at 1-2. Sky implies that this provision would not have been necessary if there had been no assignment. Dkt. No. 171 at 2. Sky also notes that the Agreement provided for its recording at the USPTO. *Id.* at 171. Regarding *In re Cybernetic*, Sky notes that the Ninth Circuit held that "a security interest in a patent that does not involve a transfer of ownership is a 'mere license' and is not an 'assignment, grant or conveyance'," and Sky reasons that, by inference, a security interest that "*does* involve a transfer of ownership *is* an assignment under § 261." Dkt. No. 171 at 3 (quoting *In re Cybernetic*, 252 F.3d at 1052).

Sky urges the Court to allow Ozro to intervene in the interest of judicial economy because if this case were dismissed Ozro would immediately file the "same lawsuit, against the same parties, before the same Court." Dkt. No. 171 at 3. Sky acknowledges that a prerequisite of an intervention is that an existing suit is within the Court's jurisdiction. *Id.* (citing *In re Greyhound Securities Litigation*, 1997 WL 531317, at *3 (N.D. Tex. Aug. 15, 1997)). However, Sky argues that it falls within a recognized exception that "intervenors with an independent basis for jurisdiction may be treated as stating a wholly separate claim." *Id.* at 4 (citing *In re Greyhound*, 1997 WL 531317, at *3). Sky avers that the exception allows the court to avoid senseless delay, and the Court may consider an intervenor's claim even if the court lacks jurisdiction over the original action. *Id.* (citing *Fuller v. Volk*, 351 F.2d 323, 329 (3d Cir. 1965); *Arkoma Assocs. v. Carden*, 904 F.2d 5, 7 (5th Cir. 1990); Charles Alan Wright et al., 7C Federal Practice and Procedure § 1917 (3d ed. 2007); *Miller & Miller Auctioneers, Inc. v. G. W. Murphy Indus., Inc.*, 472 F.2d 893, 895-96 (10th Cir. 1973)). Sky notes that Defendants' citation to *Bhandari* is inapposite because that case related to a denial under a Rule 15 motion to amend complaint, not a motion to intervene under Rule 24, as in this case. *Id.*

B. LEGAL PRINCIPLES

"The burden of demonstrating standing falls to [Plaintiff], as '[i]t is well established . . . that before a federal court can consider the merits of a legal claim, the person seeking to invoke the jurisdiction of the court must establish the requisite standing to sue.'" *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026 (Fed. Cir. 1995) (quoting *Whitmore v. Arkansas*, 495 U.S. 149, 154 (1990); citing *Sicom Sys., Ltd v. Agilent Tech., Inc.*, 427 F.3d 971, 975-76 (Fed. Cir. 2005)).

One seeking damages for infringement of a patent must hold legal title to that patent. *See, e.g.*, *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538 (Fed. Cir. 1995); *Speedplay, Inc. v. Bebop*, 211 F.3d 1245, 1249-50 (Fed. Cir. 2000) (citing 35 U.S.C. §§ 100(d), 261, 281). Under Section 261:

> Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like

> manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States. . . .
>
> An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

A party without title has no standing to bring suit. *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568 (Fed. Cir. 1991); *Abbott Labs. v. Diamedix Corp.*, 47 F.3d 1128, 1131 (Fed. Cir. 1995) ("The right to sue for infringement is ordinarily an incident of legal title to the patent."). "Further, all co-owners must, ordinarily, consent to join as plaintiffs in an infringement suit." *DDB Techs., LLC v. MLB Advanced Media, LP*, 465 F. Supp. 2d 657, 661 (W.D. Tex. 2006). Legal title, which confers standing, must be held at the inception of the lawsuit. *Paradise Creations*, 315 F.3d at 1308 (citing *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 570 n.5, 119 L. Ed. 2d 351, 112 S. Ct. 2130 (1992) (plurality opinion)); *Gaia Technologies*, 93 F.3d at 777. "The party asserting that it has all substantial rights in the patent 'must produce . . . written instruments documenting the transfer of proprietary rights.'" *Mentor H/S, Inc.*, 240 F.3d at 1017 (quoting *Speedplay*, 211 F.3d at 1250). Section 100(d) provides that a "'patentee' includes not only the patentee to whom the patent was issued but also the successor in title to the patentee." Therefore, the chain of title must be followed in order to determine the party holding legal title to the patent. *See Enzo*, 134 F.3d at 1093; *Gaia Technologies*, 93 F.3d at 777.

"In examining a Rule 12(b)(1) motion, the Court is empowered to consider matters of fact which may be in dispute." *Id.* A court may not grant dismissal "unless it appears certain that the plaintiffs cannot prove any set of facts in support of their claim which would entitle them to relief," and a court "must take as true all of the allegations of the complaint and the facts as set out by the [plaintiffs]." *Saraw Partnership v. U.S.*, 67 F.3d 567, 569 (5th Cir. 1995).

C. DISCUSSION

Sky and the Defendants propose a conflicting chain-of-title regarding the patents. The alleged point of transfer breaking the chain occurs between Ozro and XACP. According to Sky, the April 2001 Security Agreements transferred title to the patents from Ozro and these agreements were recorded in the USPTO in May 2001. Dkt. No. 147 at 3. Sky argues that these rights to the title were consolidated into the XACP entities, which later foreclosed on the security interests on July 14, 2003. *Id.* at 4. However, Sky argues that the recording of the security interest was sufficient to satisfy Section 261. Dkt. No. 147 at 5. Thus, Sky places the moment of transfer to XACP in April, with the recording in May 2001 satisfying Section 261, asserting that "when Silicon Valley Bank and XACP recorded their security interests in the patents-in-suit with the PTO, they obtained title to the patents by written assignment, consistent with § 261." *Id.* at 5. On the other hand, Defendants assert that the security agreement, the recording of the security agreement, and the foreclosure did not transfer title. Specifically, Defendants note that at the point where Ozro was obligated to transfer title, after the July 14, 2003 foreclosure, there is no evidence as to any written assignment to satisfy Section 261. *See* Dkt. No. 132 at 9. Therefore, the first question the Court must answer is whether the recording of a security interest is sufficient to serve as an assignment of the patent rights.

The Court notes that the recording of the security interest, in and of itself, does not indicate an assignment. As the Federal Circuit explained in *Gaia Technologies*, "the mere fact that an assignment was recorded in the PTO does not, without more, prove that a valid assignment actually took place." 93 F.3d at 778 n.3 (citing 37 C.F.R. § 3.54 (1995) ("The recording of a document . . . is not a determination by the [USPTO] of the validity of the document or the effect the document has on the title to an application, a patent, or a registration.")). The Federal Circuit clarified that Section 261 "provides that (1) a patent . . . assignment must be in writing; and (2) the recording of an assignment is necessary only to protect the assignee from subsequent bona fide purchasers without notice." *Id.* at 777.

Sky relies on the Supreme Court decision in *Waterman v. Mackenzie* for the proposition that the recording of a security interest "operates as delivery of title to satisfy § 261." Dkt. No. 147 at 5. In *Waterman*, the Supreme Court had to determine the effect of a deed by which Waterman assigned to Asa L. Shipman's Sons her rights to a patent. *Waterman*, 138 U.S. at 257. A provision stated that "the assignment should be null and void if [Mrs. Waterman] and her husband, or either of them, should pay at maturity a certain promissory note of the same date made by them and payable to the grantees." *Id.* at 257-58. The Watermans assigned their "title under the mortgage, and the promissory note thereby secured," which was recorded in the USPTO. *Id.* at 258. The Supreme Court explained:

> A patent right is incorporeal property, not susceptible of actual delivery or possession; and the recording of a mortgage thereof in the Patent Office, in accordance with the act of Congress, is equivalent to a delivery of possession, and makes the title of the mortgagee complete towards all other persons, as well as against the mortgagor.

Id. at 260. The Supreme Court concluded that "Shipman, being the present owner of the whole title in the patent under a mortgage duly executed and recorded, was the person, and the only person, entitled to maintain such a bill as this." *Id.* at 261.

Defendants, on the other hand, rely on *In re Cybernetic* for the proposition that security interests do not qualify as assignments under Section 261." Dkt. No. 132 at 12. In *In re Cybernetic*, the Ninth Circuit addressed whether Section 261 or Article 9 of the Uniform Commercial Code (UCC) "requires the holder of a security interest in a patent to record that interest with the federal Patent and Trademark Office (PTO) in order to perfect the interest as against a subsequent lien creditor." *In re Cybernetic*, 252 F.3d at 1044. The Court recognizes that the Ninth Circuit's holding should be read in light of the arguments of the Trustee that were addressed in the opinion:

> First, the Trustee contends that the Patent Act preempts Article 9's filing requirements. Second, the Trustee argues that Article 9 itself provides that a security interest in a patent can be perfected only by filing it with the PTO.

In re Cybernetic, 252 F.3d at 1045. The Trustee argued that Section 261 requires the holder of a security interest to record to perfect as to a subsequent lien creditor. *Id.* at 1046. The Ninth Circuit determined that the Patent Act would preempt state law only if Section 261 "*required* Petitioners to record their interest with the PTO." *Id.* at 1048. The Ninth Circuit then addressed whether Section 261 required parties to record the security interest at issue. *Id.* The Ninth Circuit first held that the phrase "assignment,[1] grant or conveyance" in Section 261 concerns transfers of ownership interests only. *Id.* at 1051. The Ninth Circuit reviewed ***Waterman*** and held "the statute's text, context, and structure, when read in the light of Supreme Court precedent, compel the conclusion that a security interest in a patent that does not involve a transfer of the rights of ownership is a 'mere license' and is not an 'assignment, grant or conveyance' within the meaning of 35 U.S.C. § 261." *In re Cybernetic*, 252 F.3d at 1052. The Ninth Circuit noted that "the parties do not dispute that the transaction that gave Petitioners their interest in the patent did not involve a transfer of an ownership interest in the patent. Petitioners held a 'mere license,' which did not have to be recorded with the PTO." *Id.* at 1052.

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[1] The Ninth Circuit found that an "assignment" concerned the transfer of specific rights in the patent, particularly a transfer of title. *In re Cybernetic*, 252 F.3d at 1049 (citing *Oliver v. Rumford Chem. Works*, 109 U.S. 75, 82-83, 3 S. Ct. 61, 27 L.Ed. 862 (1883); *Waterman*, 138 U.S. at 255; 2 William C. Robinson, The Law of Patents § 762, at 517 (1890)).

The Ninth Circuit also found that PTO regulations supported the reasoning that Section 261 only required the recording of ownership interests in a patent. *In re Cybernetic*, 252 F.3d at 1056-57. The Ninth Circuit interpreted 37 C.F.R. § 3.11 as showing "that the PTO does not consider security interests to be 'assignments, grants or conveyances.'" *Id.* at 1057. Under Section 261, documents that transfer an ownership interest "*must* be recorded to be effective as against a subsequent purchase or mortgagee." *Id.* (emphasis in original). The Ninth Circuit reasoned that "[i]f security interests *were* 'assignments, grants or conveyance,' then they would *have* to be filed to provide constructive notice to a subsequent purchaser or mortgagee, consistent with the Patent Act." *Id.* Citing to 37 C.F.R. § 3.11 and Section 313 of the Manual of Patent Examining

Procedure (7th ed. 1998), the Ninth Circuit noted that the Commissioner of the USPTO had discretion to record other documents affecting title, wherein "other documents" included "agreements which convey a security interest." *In re Cybernetic*, 252 F.3d at 1056. The Ninth Circuit's analysis culminated in the conclusion that "Because the Patent Act does not cover security interests or lien creditors at all, there is no conflict between 35 U.S.C. § 261 and Article 9. Petitioners did not have to file with the PTO to perfect their security interest as to a subsequent lien creditor." *Id.* at 1057-58.

The Ninth Circuit stated that "a transaction that grants a party a security interest in a patent but does *not* effect a transfer of title is *not* the type of 'assignment, grant or conveyance' that is referred to in 35 U.S.C. § 261." *In re Cybernetic*, 252 F.3d at 1058. The Ninth Circuit then reiterated that the "transaction in this case did not transfer an ownership interest," thus § 9302(3)(a) of the California Commercial Code did not require "that Petitioners record their security interest with the PTO." *Id.* Sky would reason that the Ninth Circuit's holding that "a security interest in a patent that does not involve a transfer of the rights of ownership is a 'mere license," implies that a security interest in a patent that *does* involve a transfer would constitute an assignment.

The Court finds that, contrary to Defendants' assertions, *In re Cybernetic* does not broadly preclude a security interest from effecting a transfer in title. The Ninth Circuit merely held that Section 261 only requires the recording of ownership interests in a patent. Whether a security interest may effect a transfer in title was not at issue in *In re Cybernetic*, rather the parties had agreed that the security interest in question did not effect a transfer in title. However, a security agreement that grants substantial rights to a patent may still effect a transfer of title to constitute a written assignment. Likewise, the Court finds that, contrary to Sky's assertion, *Waterman* does not broadly stand for the proposition that a security interest recorded with the USPTO effectively transfers title to the secured lender under Section 261. Rather, *Waterman* related to the assignment of a patent through a mortgage which was subsequently recorded with the USPTO. *Waterman*, 138 U.S. at 257-58. The Court agrees with the Ninth Circuit's analysis of *Waterman* which explained that a "security interest that does not transfer ownership is not an 'assignment, grant or conveyance,' but also because he is not a subsequent 'purchase or mortgagee.'" *In re Cybernetic*, 252 F.3d at 1053. The Ninth Circuit distinguished between a mortgage and a security interest, i.e. a "pledge," explaining:

> Historically, a "mortgagee" was someone who obtained title to property used to secure a debt. *See* James Schouler, Personal property § 416, at 622 (5th ed. 1918) (noting that "[m]ortgages of chattels, then, are to be distinguished at common law from liens and pledges in this sort of out-and-out transfer of the title conditionally which is carried by the original transaction").

> A "mortgage" must be differentiated from a "pledge" . . . . Professor Gilmore, in his treatise, Security Interests in Personal Property § 1.1, at 8, notes that the historical distinction between a pledge and a mortgage was that "the mortgagee got title or an estate whereas the pledgee got merely possession with a right to foreclose on default." Similarly, Judge Learned Hand wrote, in 1922, that it "is everything agreed that the significant distinction between a pledge and a mortgage is that in the first the creditor gets no title, . . . while in the second he does." *Ex parte Crombie & La Mothe, Inc. (In re German Publ'n Soc'y)*, 289 F. 509, 509 (S.D.N.Y. 1922) . . . .

In re Cybernetic, 252 F.3d at 1053. Ultimately, the Court focuses on the Supreme Court's explanation in *Waterman* that "[w]hether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name which it calls itself, but upon the legal effect of its provisions." *Waterman*, 138 U.S. at 256. The issue of the recording of the Security Agreement, at least in relation to Section 261, would only be relevant as to a dispute regarding a subsequent purchase or mortgagee. Thus, the Court rejects Sky's reasoning that the recording of the Security Agreement fulfills the written assignment provision of Section 261. Here, the issue is whether there was a written assignment necessary to satisfy

Section 261. If the Security Agreement transferred substantial rights to the patent, then, unlike the security interest in *In re Cybernetic*, it would constitute a security interest that does transfer ownership.

Therefore, the Court must undertake an analysis of the Security Agreement to determine if the provisions of the Security Agreement granted substantial rights as to effect a transfer of title. However, while the parties mentioned various provisions of the Security Agreements, the parties did not fully address whether these provisions transferred substantial rights in the patents. The Court will require further briefing to make a determination on whether they effected a transfer.

In addition, as explained by the only section in the patent rules that refers to security interests:

> *Security Interest.* A security interest does not involve an obligation to transfer rights in the invention for the purposes of paragraphs (a)(l) through (a)(3) of this section unless the security interest is defaulted upon.

37 C.F.R. § 1.37(a)(5). Therefore, the Court recognizes that an alternative method that a security interest may have independently conferred title is through a default. The foreclosure letter indicates that Cross Atlantic purchased the assets. Dkt. No. 132, Exh. N at 2. However, the mere explanation that a sale was made does not rise to the level of an actual written assignment under Section 261. For

example, as the Federal Circuit explained in *Enzo*, though a license itself may be written, verbal, or implied, if it is "to be considered a virtual assignment to assert standing, it must be in writing." *Enzo*, 134 F.3d at 1093. Therefore, parties may also address whether there is independent evidence of a written assignment after the foreclosure. Finally, the parties may brief the effect, if any, of a security agreement that contains the provisions to transfer title but is not effective unless defaulted upon.

III. CONCLUSION

For all of the foregoing reasons, the Court **ORDERS** further briefing on the issue of whether the Security Agreements effected a transfer of substantial rights in the patent to constitute an assignment.

Sky is given **ten (10) days** to submit a brief of no more than **fifteen (15) pages**. Defendants shall have **ten (10) days** to respond of no more than **fifteen (15) pages**. Sky shall have **three (3) days** to file a reply of no more than **ten (10) pages**. Defendants shall have **three (3) days** to file a sur-reply of no more than **ten (10) pages**. When briefing has been completed, the parties are to inform the Court by letter and the Court will set a hearing in due course.

It is so **ORDERED**.

SIGNED this 20th day of March, 2008.

DAVID FOLSOM
UNITED STATES DISTRICT JUDGE

Appendix F

Sky Technologies LLC v. SAP AG, Order (Fed. Cir. Oct. 28, 2009)

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2008-1606

SKY TECHNOLOGIES LLC,
Plaintiff-Appellee,
v.
SAP AG and SAP AMERICA, INC.,
Defendants-Appellants.

Appeal from the United States District Court for the Eastern District of Texas in case no. 2:06-CV-440, Judge David Folsom.

ORDER

NOTE: This order is nonprecedential.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ORDER

A combined petition for panel rehearing and for rehearing en banc having been filed by the Appellants, and a response thereto having been invited by the court and filed by the Appellee, and the petition for rehearing and response, having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on November 4, 2009.

Circuit Judge Moore did not participate in the vote.

FOR THE COURT,

Jan Horbaly
Clerk

Dated: 10/28/2009

cc: Paul S. Grewal
Max L. Tribble, Jr.

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[*] Amicus Curiae, Lorin Brennan, was granted leave to file a brief in support of the Appellants' combined petition for rehearing and rehearing en banc.

SKY TECHNOLOGIES V SAP AG, 2008-1606 (DCT – 2:06-CV-440)

Appendix G

Historical Patent Acts

EXCERPTS FROM THE PATENT ACT OF 1790, Ch. 7, 1 Stat. 109-112 (April 10, 1790)

An Act to Promote the Progress of Useful Arts.

Sec. 1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled*, that upon the petition of any person or persons to the Secretary of State, the Secretary for the department of War, and the Attorney General of the United States, setting forth, that he, she, or they, hath or have invented or discovered any useful Art, Manufacture, Engine, Machine, or Device, or any improvement therein not before known or used, and praying that a patent may be granted therefor, it shall and may be lawful to and for the said Secretary of State, the Secretary for the Department of War, and the Attorney General, or any two of them, if they shall deem the invention or discovery sufficiently useful and important, to cause Letters Patent to be made out in the name of the United States, to bear teste by the President of the United States, reciting the allegations and suggestions of the said petition, and describing the said invention or discovery clearly, truly, and fully, and thereupon granting to such petitioner or petitioners, his, her, or their Heirs, Administrators or assigns for any term not exceeding fourteen Years, the sole and exclusive right and liberty of making, constructing, using and vending to others to be used the said Invention or Discovery; which Letters-patent shall be delivered to the Attorney General of the United States to be examined, who shall, within fifteen days next after the delivery to him, if he shall find the same conformable to this Act, certify it to be so at the foot thereof, and present the Letters Patent so certified to the President, who shall cause the Seal of the United States to be thereto affixed, and the same shall be good and available to the Grantee or Grantees by force of this Act, to all and every intent and purpose herein contained, and shall be recorded in a book to be kept for that purpose in the Office of the Secretary of State, and delivered to the Patentee, or his Agent, and the delivery thereof shall be entered on the Record and endorsed on the Patent by the said Secretary at the time of granting the same.

Sec. 4. *And be it further enacted,* that if any person or persons shall devise, make, construct, use, employ, or vend within these United States, any Art, Manufacture, Engine, Machine or Device, or any Invention or improvement upon, or in any Art, Manufacture, Engine, Machine, or Device, the sole and exclusive right of which shall be so as aforesaid granted by Patent to any person or persons, by Virtue and in pursuance of this Act, without the Consent of the Patentee or Patentees, their Executors, Administrators or Assigns first had and obtained in Writing, every person so offending shall forfeit and pay to the said Patentee or Patentees, his, her or their Executors, Administrators or Assigns, such damages as shall be assessed by a jury, and moreover shall forfeit to the person aggrieved the thing or things so devised, made, constructed, used, employed or vended, contrary to the true intent of this Act, which may be recovered in an Action on the Case founded on this Act.

EXCERPTS FROM THE PATENT ACT OF 1836, Ch. 357, 5 Stat. 117 (July 4, 1836)

An Act to promote the progress of the useful arts, and to repeal all acts and parts of acts heretofore made for that purpose.

Sec. 1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, that there shall be established and attached to the Department of State an office to be denominated the Patent Office; the chief officer of which shall be called the Commissioner of Patents, to be appointed by the President, by and with advice and consent of the Senate, whose duty it shall be, under the direction of the Secretary of State, to superintend, execute, and perform all such acts and things touching and respecting the granting and issuing of patents for new and useful discoveries, inventions, and improvements, as are herein provided for or shall hereafter be, by law, directed to be done and performed, and shall have the charge and custody of all the books, records, papers, models, machines, and all other things belonging to said office. And said Commissioner shall receive the same compensation as is allowed by law to the Commissioner of the Indian Department, and shall be entitled to send and receive letters and packages by mail, relating to the business of the office, free of postage.

Sec. 5. *And be it further enacted*, that all patents issued from said office shall be issued in the name of the United States, and under the seal of said office, and be signed by the Secretary of State, and countersigned by the Commissioner of the said office, and shall be recorded, together with the descriptions, specifications, and drawings, in the said office, in books to be kept for that purpose. Every such patent shall contain a short description or title of the invention or discovery, correctly indicating its nature and design, and in its terms grant to the applicant or applicants, his or their heirs, administrators, executors, or assigns, for a term not exceeding fourteen years, the full and exclusive right and liberty of making, using, and vending to others to be used, the said invention or discovery, referring to the specifications for the particulars thereof, a copy of which shall be annexed to the patent specifying what the patentee claims as his invention or discovery.

Sec. 11. *And be it further enacted*, that every patent shall be assignable in law, either as to the whole interest, or any undivided part thereof, by any instrument in writing; which assignment, and also every grant and conveyance of the exclusive right, under any patent, to make and use, and to grant to others to make and use the thing patented within and throughout any specified part or portion of the United States, shall be recorded in the Patent Office within three months from the execution thereof, for which the assignee or grantee shall pay to the Commissioner the sum of three dollars.

Sec. 14. *And be it further enacted,* that whenever, in any action for damages for making, using, or selling the thing whereof the exclusive right is secured by any patent heretofore granted, or by any patent which may hereafter be granted, a verdict shall be rendered for the plaintiff in such action, it shall be in the power of the Court to render judgment for any sum above the amount found by such verdict as the actual damages sustained by the plaintiff, not exceeding three times the amount thereof, according to the circumstances of the case, with costs; and such damages may be recovered by action on the case, in any Court of competent jurisdiction, to be brought in the name or names of the person or persons interested, whether as patentees, assignees, or as grantees of the exclusive right within and throughout a specified part of the United States.

EXCERPTS FROM THE PATENT ACT OF 1870, Ch. 230, 16 Stat. 198-217 (July 8, 1870)

Sec. 22. *And be it further enacted,* That every patent shall contain a short title or description of the invention or discovery, correctly indicating its nature and design, and a grant to the patentee, his heirs or assigns, for the term of seventeen years, of the exclusive right to make, use and vend the said invention or discovery throughout the United States and the Territories thereof, referring to the specification for the particulars thereof; and a copy of said specifications and of the drawings shall be annexed to the patent and be a part thereof. [R.S. § 4884]

Sec. 34. *And be it further enacted,* That when any person, having made any new invention or discovery for which a patent might have been granted, dies before a patent is granted, the right of applying for and obtaining the patent shall devolve on his executor or administrator, in trust for the heirs at law of the deceased, in case he shall have died intestate; or if he shall have left a will, disposing of the same, then in trust for his devisees, in as full manner and on the same terms and conditions as the same might have been claimed or enjoyed by him in his lifetime; and when the application shall be made by such legal representatives, the oath or affirmation required to be made shall be so varied in form that it can be made by them. [R.S. § 4896]

Sec. 36. *And be it further enacted,* That every patent or any interest therein shall be assignable in law, by an instrument in writing; and the patentee or his assigns or legal representatives may, in like manner, grant and convey an exclusive right under his patent to the whole or any specified part of the United States; and said assignment, grant, or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the patent office within three months from the date thereof. [R.S. § 4898]

Sec. 59. *And be it further enacted,* That damages for the infringement of any patent may be recovered by action on the case in any circuit court of the United States, or district court exercising the jurisdiction of a circuit court, or in the supreme court of the District of Columbia, or of any Territory, in the name of the party interested, either as patentee, assignee, or grantee. And whenever in any such action a verdict shall be rendered for the plaintiff, the court may enter judgment thereon for any sum above the amount found by the verdict as the actual damages sustained, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs. [R.S. § 4919]

Supreme Court, U.S.
MAR 5 - 2010
OFFICE OF THE CLERK

No. 09-819

IN THE

Supreme Court of the United States

SAP AG AND SAP AMERICA, INC.,
Petitioners,
v.
SKY TECHNOLOGIES LLC,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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COUNTERSTATEMENT OF QUESTIONS PRESENTED FOR REVIEW

For more than a century, courts have strained to preserve unto the states the singular question in dispute here: who owns an item of property. Repeated decisions of this Court confirm that property ownership is squarely the province of the states, even when the property at issue is a patent. Following this law, the Federal Circuit held that the foreclosure procedures detailed in Massachusetts' variation of the Uniform Commercial Code – procedures which were strictly adhered to in the events underlying this dispute – operated to pass title to patent collateral from a debtor to its secured creditor. Those events included two written contracts promising the patents as collateral, two written contracts agreeing to transfer the patents per the UCC, and two written instruments recording the transfer in the public registry. Reconciling state and federal law on these facts, the Federal Circuit declined to hold (as Petitioners seek here) that three words from the Patent Act preempt and displace the UCC.

The Federal Circuit's decision was rendered on interlocutory appeal, and the case is set for trial in a few months. Review at this stage requires answering:

1. Does the federal Patent Act – which is silent as to the procedures for transferring patent collateral upon a debtor's default – nonetheless preempt and displace the intricate state law rules embodied in the UCC to govern such transfers?

2. Did Congress intend that 35 U.S.C. § 154, which speaks to the content and term of a patent, would

also serve as an exclusive list of all transferees who may acquire ownership of a patent, and does § 154 actually exclude patent ownership by secured creditors foreclosing in accordance with the UCC?

3. Did Congress intend that 35 U.S.C. § 261, which speaks to how patents are "assignable," would also serve as an exclusive list of all means by which anyone may acquire an ownership interest in a patent – preempting state laws that provide for foreclosure upon secured patent collateral?

4. Does the reference in 35 U.S.C. § 261 to an "instrument in writing" preclude patent ownership by a secured creditor who obtains ownership by operation of state foreclosure law, where the sole disputed transfer is (a) memorialized in two written security agreements executed before the debtor's default, (b) memorialized in two written agreements executed after the debtor's default, and (c) recorded twice in the public registry?

5. In light of Congress's silence, should this Court adopt a sweeping new rule of federal preemption – of the UCC adopted in 50 states – thereby upsetting settled precedent and nullifying the virtually infinite number of secured transactions (and subsequent licenses and sub-licenses) that have occurred over the past sixty years pursuant to the precise process at issue here?

LIST OF PARTIES AND RULE 29.6 STATEMENT

The names of the parties appear in the caption of the petition for a Writ of Certiorari. Sky Technologies is a private company, and no publicly held corporation holds more than 10% of its stock.

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IN THE

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---

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

SUMMARY OF THE ARGUMENT

"It may seem strange at first blush that the question of whether a patent is valid and infringed ordinarily is one for federal courts, while the question of who owns the patent rights and on what terms typically is a question exclusively for state courts. Yet that long has been the law."[1]

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[1] *Jim Arnold Corp. v. Hydrotech Systems, Inc.*, 109 F.3d 1567, 1572 (Fed. Cir. 1997).

Case after case examining the interrelationship of state property law and the Patent Act has reaffirmed the same principle: "State law governs contractual obligations and transfers of property rights, including those relating to patents."[2] Following well-settled law, the Federal Circuit concluded that "patent ownership is determined by state, not federal law." Petitioners' Appendix ("Pet. App.") at 10a. The court thus declined to invalidate a patent transfer from a debtor to its secured creditor—performed in strict accordance with Massachusetts law governing foreclosure on intangible property—because of an alleged conflict with two provisions of the Patent Act that do not address foreclosure and do not purport to outline the exclusive means for acquiring patent ownership.

For the third time, however, Petitioners ask for a sweeping new rule of federal preemption. Every court that has considered the issue reached the same conclusion: no conflict between the Patent Act and the UCC exists on these facts—and certainly nothing that would warrant,

(1) preempting the UCC adopted in now 50 states;

(2) overturning settled precedent involving foreclosure upon patent collateral;

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[2] *Regents Of University Of New Mexico v. Knight*, 321 F.3d 1111, 1118 (Fed. Cir. 2003); *MyMail, Ltd. v. America Online, Inc.*, 476 F.3d 1372, 1375 (Fed. Cir. 2007) ("State law . . . governs the question of who has legal title."); *E.I. Du Pont de Nemours & Co. v. Okuley*, 344 F.3d 578, 582 (6th Cir. 2003) ("'Ownership, however, is a question of who owns legal title to the subject matter claimed in a patent, patents having the attributes of personal property' and is not a question of federal patent law.") (citing *Beech Aircraft v. EDO Corp.*, 990 F.2d 1237, 1248 (Fed. Cir. 1993)).

(3) disregarding a long-standing PTO practice to recognize and record transfers of patent collateral upon foreclosure;

(4) impairing a potentially limitless number of contracts held by patentees and their licensees and sub-licensees, all of whom acted in reliance on the existing law;

(5) invalidating a host of state laws crafted to address the specific foreclosure situation involved here; and

(6) replacing uniform state law procedures, not with a new set of detailed regulations applicable to the myriad of factual situations that arise when default and foreclosure among debtors and their secured creditors is necessary, but with a one-sentence requirement that "assignments in law" be done in writing.

Moreover, it has long been the law that certiorari should not extend to an "appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause." *American Construction Co. v. Jacksonville*, 148 U.S. 372, 384 (1893); *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 258 (1916) ("except in extraordinary cases, the writ is not issued until final decree."). This case is set for trial in six months, and the interlocutory appeal is far from extraordinary. Indeed, despite what Petitioners characterize as the "broad swath of our innovation-dependent economy" routinely promising patents as collateral for secured obligations (Pet. at 23), in the 58 years since its widespread adoption not one court has held that the UCC's foreclosure provisions conflict with the Patent Act. That is the entirely new law that Petitioners seek, and that new law would be extraordinary.

Neither of the two statutory provisions Petitioners cite support review by this Court. First, 35 U.S.C. § 154(a)(1)—entitled "Contents and term of patent"—fails to address patent ownership at all, and does not on its face restrict ownership to the three persons (patentees, heirs and assigns) that it references. But even assuming that § 154 could be read to restrict ownership, Petitioners overlook that "patentee" is a defined term that expressly "includes not only the patentee to whom the patent was issued but also the successors in title to the patentee." 35 U.S.C. § 100 (emphasis added). Petitioners do not mention this provision, and make no attempt to explain how a secured creditor who obtains ownership of patent collateral in accordance with the UCC fails to be a "successor in title" squarely covered by § 154.

Second, 35 U.S.C. § 261 does not speak to foreclosure upon patent collateral, but provides simply that patents are "assignable in law by an instrument in writing." Courts have long-held, however, that "there is nothing that limits assignment as the only means for transferring patent ownership" which "may be changed by operation of law." *Akazawa v. New Link Tech.*, 520 F.3d 1354, 1356 (Fed. Cir. 2008). Indeed, patent ownership is routinely changed by operation of state law from a decedent to his heirs (*see id.*), from an employee to his employer pursuant to a promise to assign future inventions (*Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1253 (Fed. Cir. 2000)), and, as in this case, from a debtor to his secured creditor pursuant to a written security agreement. Moreover, and contrary to Petitioners' suggestion, the transfer here took place pursuant to at least four written instruments, enforced in accordance with Massachusetts law, and recorded in the public registry of both the United States PTO and the Massachusetts Secretary of State.

Having no statutory evidence, Petitioners quickly move to a discussion of dicta from various cases which predate the first version of the UCC by as much as 100 years. The Federal Circuit correctly rejected these arguments. Indeed, if this Court were to hold, as Petitioners urge with their dicta, that "title to it [a patent] can pass only by assignment" via an instrument in writing (Pet. at 19), then a whole host of patent rights—property rights—would immediately be destroyed. They would be destroyed whenever an inventor dies without a will specifically bequeathing his patent, or whenever a debtor-corporation has been legally dissolved for all purposes and is powerless under state law to execute a binding written assignment.

In short, Petitioners would trample state property law only to open a can of worms that the skilled drafters of the UCC rightly kept shut. While Petitioners dismiss this reality as a derogatory "policy justification," the Federal Circuit recognized that the literal destruction of property and wholesale impairment of contract that would flow from Petitioners' new rule carries far-reaching consequences that are undesirable, save perhaps by a potential infringer.

Respondents respectfully urge that the Court should not devote its scarce resources to reviewing this well-reasoned decision reaching an abundantly correct result—and certainly not at this interlocutory stage.

STATEMENT OF THE CASE

Petitioners give short-shrift to the facts underlying this dispute, however, like all disputes involving the Uniform Commercial Code the case is highly fact-dependent. Significantly, the patent transfer at issue here was (1) recorded in the public registry, (2) memorialized in a written security agreement, and (3) confirmed in a written agreement even after the debtor defaulted on its loan—all in strict compliance with the UCC. The Federal Circuit took pains to explain as much in its decision. *See* Pet. App. at 3a-8a.[3] Accordingly, Petitioners' claim that the secured creditor here is a non-statutory transferee who took title with no written instrument whatsoever is simply false: he was the original patent owner's successor-in-title, which 35 U.S.C. § 100 explains is equivalent to a "patentee," and took title pursuant to a written instrument that was enforced by operation of law pursuant to the Massachusetts UCC.

What Petitioners actually take issue with, is the Federal Circuit's refusal to hold that the debtor in this case was required to execute what would be an obvious nullity: any written instrument purporting to transfer the debtor's interest in the patents after his creditor had foreclosed and purchased the same pursuant to the UCC. The Federal Circuit properly determined that is not a matter of federal concern, and presents no occasion to preempt the UCC.

A. Factual Background

Sky Technologies ("Sky") and the prior owners of the patents-in-suit, Ozro, Inc. (f/k/a TradeAccess, Inc.)

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[3] Throughout this Response "Pet. App." will refer Petitioners' Appendix, while "Resp. App." will refer to Respondent's Appendix.

are each the product of the technological genius, innovation, and creativity of their founder, Jeffrey Conklin. After devoting his entire professional life to facilitating international trade, and more recently the conduct of business over the internet, Conklin conceived of, and was issued, a portfolio of patents covering a unique technological solution to facilitate and analyze the negotiation of complex agreements over a network ("the patents-in-suit" or the "asserted patents").

Conklin assigned his patent rights to his company, TradeAccess, which he later renamed Ozro. (Resp. App. B) The names TradeAccess and Ozro are thus used interchangeably in this Response to signify the same company. Conklin was Chief Executive Officer and the controlling common shareholder of TradeAccess and Ozro throughout the existence of both companies. Conklin has also been the sole owner and Chief Executive Officer of Sky throughout the existence of the company. The chain of title to the patents Conklin was awarded for his inventions begins and, as the Federal Circuit properly found, ends with Conklin.

1. Patent Holder Promises Patents to Creditor, Transferrable By Operation of Law Upon Default and Foreclosure

First, in the spring of 2001, Ozro borrowed money from Silicon Valley Bank and secured the loan with a partial interest in its patent rights. This security interest is evidenced by a 13-page written Intellectual Property Security Agreement dated April 2, 2001. (Resp. App. C) The patents-in-suit are specifically identified as the collateral, and listed in the body of the agreement by their description, patent serial number, docket number and filing/issue date. (Resp.

App. C, at 36a) On May 2, 2001, the parties duly recorded their agreement in accordance with the Uniform Commercial Code ("UCC") by filing a UCC Financing Statement. They also filed a notice with the United States Patent and Trademark Office ("the PTO") recording the same. (Resp. App. E, at 43a)

Ozro borrowed additional money from Cross Atlantic Capital Partners, Inc., Cross Atlantic Technology Fund, L.P., The Co-Investment 2000 Fund, L.P., and 3i Technology Partners L.P. (collectively "XACP," or the "XACP entities") in the spring of 2001. Ozro secured this loan with the remainder of its patent rights. The security interest is evidenced by a 13-page written Intellectual Property Security Agreement dated April 3, 2001. (Resp. App. F) Again, the patents-in-suit are specifically identified as the collateral and listed in the agreement by their description, patent serial number, docket number and filing/issue date. (Resp. App. F, at 65a) Ozro and XACP also duly recorded their agreement, in accordance with the UCC *and* by filing a notice with the PTO on May 2, 2001. (Resp. Apps. G-H)

Both of these written instruments specified that "all of [Ozro's] right, title and interest, whether presently existing or hereafter acquired in, to, and under" the asserted patents would reside with the Lender upon an event of default by the debtor, Ozro, and foreclosure by the Lender pursuant to the Massachusetts UCC. (Resp. App. F, at 47a, 56-59a) The agreements further provide that in the event of Ozro's default, the Lender shall "take possession of all or any portion of the Intellectual Property Collateral," and "sell, lease, or otherwise dispose of any or all of the Intellectual Property Collateral." (*Id*., at 56a). The contracts provide the Lender the option of "sell[ing]"or "dispos[ing] of" the subject patents "at a public or private sale," so long as Ozro is provided "at least seven (7) days prior written notice of the date, time and place of any proposed public sale." (*Id.*, at 57a) These written instruments further provided that, upon an event of default, XACP was attorney-in-fact for Ozro, with power to execute, on Ozro's behalf, any document necessary to accomplish the purpose of the security agreement:

> [Ozro] hereby irrevocably appoints [XACP] as [Ozro's] attorney-in-fact, with full authority in the place and stead of [Ozro] . . . to take any action and to execute any instrument which [XACP] reasonably may deem necessary to advisable to accomplish the purposes of this IP Agreement (*Id.*, at 55a)

Pursuant to several transfers which are not disputed here, XACP then acquired all of the security interests held by all other Ozro creditors, including Silicon Valley Bank, and became the sole creditor with an interest in all of Ozro's intellectual property collateral. This too was duly recorded per the UCC and with the PTO. (Resp. App. H)

2. Patent Holder Defaults and Reconfirms Creditor's Rights

Ozro defaulted on its loan obligations, and ceased doing business. All employees were either laid-off or resigned. Conklin stayed on as the controlling common shareholder; XACP stayed on as the controlling preferred shareholder. Thus, by 2003, XACP was the sole creditor of Ozro—and, together, Conklin and XACP were the only remaining shareholders with any power to exercise control over Ozro.

On February 18, 2003, XACP issued a foreclosure notice. A Notification of Public Disposition of Collateral was sent to Jeffrey Conklin, all prior Ozro creditors, all inventors on the patents, and Ozro's outside counsel. The Notification listed Ozro's patents by their description, docket number, serial number, filing/issue date, and identified the patents as the assets to be sold. (Resp. App. I)

Before the public auction, however, on May 2, 2003, Ozro, XACP, and Conklin executed a Sale Term Sheet. (Resp. App. J; *see infra* n. 4) The Term Sheet also unequivocally granted XACP the right to "sell all rights in and to the [asserted patents] by public auction under Article 9 of the Uniform Commercial Code." *Id.* XACP further agreed to purchase those rights at the public auction for a credit bid of up to $4,031,844.00—following which XACP agreed to sell the same patent rights to Sky (Conklin's "Newco") for $9,750,000.00. (Resp. App. J) To avoid any ambiguity, the assets were described as "Ozro's intellectual property as described in the Notification of Public Disposition of Collateral . . . issued to Conklin and dated February 18, 2003." (*Id.*) Even more specifically, the assets were identified as,

> [T]he patents, patent applications, improvement patents and other patent rights and the right to sue for past and future infringements and/or misappropriation thereof (the "Patents"), any and all nondisclosure agreements to which Ozro is a party or third-party beneficiary and any and all trade secrets, copyrights, trademarks and confidential information of Ozro, together with any contract or tort claims thereunder or related thereto or otherwise arising and all rights thereunder (collectively, including the patents, the

> "Intellectual Property"), and all other Ozro assets to the fullest extent of the security agreements in favor of debt held by the XA Parties. (*Id.*)

Conklin, Ozro and the XACP entities were all party to the agreement.

Next, on June 4, 2003, the parties signed another written Settlement Agreement, whereby XACP agreed to foreclose upon its security interest in Ozro's patents, as set forth in the term sheet, and sell those patents back to Conklin's new company—then termed "NewCo," but later renamed Sky Technologies ("Sky"). (Resp. App. K) The Settlement Agreement was signed by Conklin in his capacity as "manager" of "NewCo." It was also signed simply by "Jeffrey M. Conklin." It was also signed by the only other controlling Ozro shareholders, and duly appointed Ozro attorney with authority to act with respect to Ozro's assets: the XACP entities.

Consistent with those agreements, on July 14, 2003 XACP sold and re-purchased the asserted patents at public auction. The notice of sale was advertised to the public in the Philadelphia Inquirer and in the Global Edition of the Wall Street Journal. (Resp. App. M) A copy of the notice was also mailed directly to "Ozro, Inc." at its business address. (Resp. App. L at 223a.) A copy of the notice was also mailed to Jeffrey Conklin, to every other inventor listed on the patents, to all prior creditors of Ozro, and to Ozro's outside counsel. *Id.* The notice listed—by patent serial number, filing/issue date, docket number and description—each patent or patent application to which the sale applied. (*Id.* at 221a) These were the same patents identified in the security agreements between Ozro and XACP, and the same patents identified in the Term Sheet and Settlement Agreements between Ozro, Conklin and XACP.

Just as the parties—including Ozro—had agreed in writing on multiple occasions, XACP concluded the chain of title by transferring the asserted patents to Conklin's "NewCo," which was soon renamed Sky. (Resp. App. N)

B. Procedural History

Sky filed suit against SAP for infringement of the asserted patents in October 2006. More than two years later, SAP asserted for the first time that Sky lacked standing to sue, claiming that there had been a break in the chain of title between Ozro and XACP, and the asserted patents were thus still owned by Ozro.

The District Court rejected SAP's claim, concluding that the disputed transfer took place by operation of Massachusetts state law in compliance with the Massachusetts UCC. Before the District Court could issue its decision, however, SAP filed a new declaratory judgment lawsuit against Ozro in a different forum. In return for SAP agreeing to stay that competing lawsuit, the District Court certified to the Federal Circuit its decision finding that Sky had standing to sue. The District Court explained that certification would carry efficiencies both for the District Court and the new federal court to which SAP had by then brought the litigation—since, ultimately, one court must try this infringement lawsuit, regardless of whether the plaintiff is Conklin as CEO of Sky Technologies or Conklin as CEO of Ozro, Inc. (Pet. App. C) The Federal Circuit granted SAP's Petition for Permission to Appeal pursuant to 28 U.S.C. 1292(b), and an interlocutory appeal followed.

In briefing and argument below, SAP stipulated that all transfers in the chain of title to Sky were proper, save one: from Ozro to XACP. SAP argued that the agreements between Ozro and XACP were not sufficient to transfer title to the patents in the event of Ozro's default and XACP's foreclosure; rather, SAP said that Ozro needed to execute another written instrument after XACP foreclosed and re-purchased its interest in order to transfer title to XACP. The Federal Circuit rejected this argument.[4]

C. The Federal Circuit's Decision

The Federal Circuit first noted the long-standing rule that "patent ownership is determined by state, not federal law." Pet. App. at 10a (citing *Akazawa*, 520 F.3d at 1357 (citing *Jim Arnold Corp.*, 109 F.3d at 1572)). The court explained that while federal law has in the past been used to "determine the validity and terms of an assignment" of a patent, "state law controls any transfer of patent ownership by operation of law not deemed an assignment." Pet. App.

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[4] After the parties initially briefed the issue below, XACP produced additional documents reflecting that Ozro had, in fact, executed a written Term Sheet—after its default—that reconfirmed that XACP had the right to "sell all rights in and to [Ozro's patents] by public auction under Article 9 of the Uniform Commercial Code." (Resp. App.J, at 146a) The same was further memorialized in a Settlement Agreement dated June 4, 2003 and signed by Ozro's attorney-in-fact. (*Id.*, App. K) The Federal Circuit declined to consider this evidence because it was not first presented to the District Court. (Pet. App. at 6a & n.4.) Because this is an interlocutory appeal, however, the District Court would be afforded an opportunity to assess this evidence at or before trial—further counseling against granting certiorari at this stage.

10a. The court noted that examples of a transfer by operation of law include the transfer illustrated in the *Akazawa* case, where an inventor died intestate and his ownership interest in a patent passed to his wife by operation of the applicable state law. *Id.* at 11a (citing *Akazawa*, 520 F.3d at 1358). The Federal Circuit concluded that, as in *Akazawa*, "foreclosure under state law may transfer patent ownership." *Id.* at 12a.

The court explained that in the instant case the controlling state law is the Massachusetts UCC, which permits a secured party to "sell the collateral after default, in a commercially reasonable manner, and that same party may purchase the collateral at a public disposition." *Id.* In painstaking detail, the court walked through the provisions of the Massachusetts UCC which provide for a secured party's disposition of collateral after default—provisions which expressly declare that "once a secured party disposes of collateral after default, the transferee for value takes all of the debtor's rights in the collateral." *Id.* (citing Mass. Gen. Laws ch. 106, § 9-617(a)(1) (2009)). The court concluded that "because XACP foreclosed on the patents-in-suit in conformity with these provisions, XACP obtained title to the patents on July 14, 2003." *Id.* at 13a.

The Federal Circuit noted that Petitioners did not dispute the validity of the holding in *Akazawa* that a transfer by operation of state law was permissible and wholly consistent with the federal Patent Act. Indeed, the court noted that Petitioners themselves "assert the holding in *Akazawa* was correct." *Id.* at 13a (emphasis added). But Petitioners argued that a transfer by operation of state law was not permissible for anyone other than "the three categories of individuals—the patentee, his heirs, or his assigns"—

which Petitioners again urge as a limitation here. *Id.* at 13a. The Federal Circuit rejected this argument, noting that no provision of the Patent Act—and especially not 35 U.S.C. § 154(a)(1)—purports to exclude secured creditors, and § 154 does not address patent ownership in any event. *Id.* at 13a-14a. The court also rejected a series of misguided state law arguments Petitioners advanced to suggest that the Massachusetts UCC required the debtor to execute a writing after all of his rights in the collateral had been foreclosed. *Id.* at 14a.

The court explicitly rejected Petitioner's argument that three words from the federal Patent Act—specifying that patents are assignable "by an instrument in writing"—operated to preempt the use of the Massachusetts UCC foreclosure provisions to transfer patent ownership by operation of law. Contrary to Petitioner's suggestion, the rejection was made on the merits of Petitioners' arguments—and not because of the abundant public policy justifications that also counsel in favor of the result. Rather, the Federal Circuit explained that 35 U.S.C. § 261 on its face speaks "only to assignments of patents; there exists no federal statute requiring a writing for all conveyances of patent ownership." *Id.* at 15a. The Federal Circuit also noted in conclusion, however, that if foreclosure on security interests secured by patent collateral could not transfer ownership to the secured creditor, "a large number of patent titles presently subject to security interests may be invalidated." *Id.* at 15a.

Accordingly, the Federal Circuit affirmed the district court's decision upholding the transfer pursuant to the Massachusetts UCC. Petitioners' request for rehearing and for rehearing en banc was denied by the Federal Circuit without dissent. (Pet. App. F.)

ARGUMENT

A. The Federal Circuit Correctly Declined to Preempt the Uniform Commercial Code.

This interlocutory appeal was permitted to resolve one basic question: who owns an item of property. Petitioners contend that since that item of property is a patent, federal law must dictate everything relating to its transfer. Petitioners assert that Congress has specified how a patent can be transferred, and state law governing the same is ineffective absent a federal statute authorizing it. (Pet. at 4.) This fundamental premise is wrong, and the Federal Circuit—like courts before it—correctly rejected it. Indeed, "the Supreme Court has instructed clearly that the Patent Act does not preempt every state commercial law that touches on intellectual property." *In re Cybernetic Services, Inc.*, 252 F.3d 1039, 1046 (9th Cir. 2001). For example, in *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979), this Court observed that commercial agreements "traditionally are the domain of state law" and "State law is not displaced merely because the contract relates to intellectual property." *See also Bloomer v. Millinger*, 68 U.S. 340, 345-46 (1863) ("The fact that the subject of the contract is a right in or an interest under a patent, does not take the case out of the law applicable to the law of contracts generally. The owner of a patent may make any agreement with regard to its enjoyment that he may make in regard to any other species of property."); *cf. Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974) (state protection of trade secrets not preempted, and did not operate to frustrate the achievement of the congressional objectives served by the patent laws).

The proper analysis—and the analysis reflected in the Federal Circuit's opinion—proceeds from a starting point precisely the opposite of Petitioners': Property ownership is uniquely the province of states to determine. To advocate otherwise, Petitioners must overcome the strong presumption against federal preemption by demonstrating that "compliance with both state and federal law is impossible," *Florida Lime & Avocado Growers, Inc. v. Paul*, 373 U.S. 132, 142 (1963), or the Uniform Commercial Code, as embodied in Massachusetts law, "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Hines v. Davidowitz*, 312 U.S. 52, 67 (1941). Petitioners did not and cannot overcome the strong presumption against preemption under either standard.

But consider the statutory support Petitioners cite to mount it. The one sentence "written instrument" requirement of section 261 states merely:

> Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing.

35 U.S.C. § 261. By its plain terms the provision is merely explanatory. It talks of how patents shall be assignable, but does not purport to articulate every method for transferring any interest in a patent. Nor is the term "assignable" self limiting.

This one sentence says nothing of transfers that do not constitute an "assign[ment] in law"—nothing of pledges, conveyances, licenses, grants, security interests, mortgages, foreclosures, wills, successions, court judgments transferring title—and it obviously contains no expressly preemptive text or comprehensive scope to reflect even the slightest intention to preempt state laws providing for the same. The Act is simply silent with respect to the transfer that occurred here: a transfer to a secured creditor of patents that had been identified in a written security agreement as the collateral for a loan, which loan was defaulted upon by the debtor, and which security interest was foreclosed upon strictly in accordance with the detailed procedures set forth in Article 9 of the UCC. It is a truism that Congress's "mere silence," in a statute alleged to form the basis for federal preemption, "cannot suffice to establish a 'clear and manifest purpose' to preempt local authority." *Wisconsin v. Mortier*, 501 U.S. 597, 607 (1991).

Nevertheless, to urge that Congress has preempted the UCC provisions relating to transferring ownership through foreclosure, Petitioners rely exclusively on this sentence from § 261, to which they add five words from another statute. That other statute—§154(a)(1)—is even more off-point. Its complete text provides:

> **Contents and term of patent; provisional rights.**
>
> (a) IN GENERAL. (1) CONTENTS. Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States, and, if the invention is a process, of the right to exclude others from using, offering for sale or selling throughout the United States, or importing into the United States,

> products made by that process, referring to the specification for the particulars thereof.

35 U.S.C. § 154(a)(1). Petitioners claim that by including the underlined language above, Congress intended to outline an exclusive list of persons who may own or acquire a patent.

If Congress's intent can accurately be determined by excerpting this list from a provision directed to describing the content and term of a patent, then the Patent Act provides many similar lists Respondent could excerpt to support an opposing argument. Indeed, the very next section of the Patent Act talks of "[t]he patentee, his heirs, successors or assigns." *Id.* § 155. Likewise, section 183 of the Act identifies an "applicant, his successors, assigns, or legal representatives." When actually discussing those persons who are entitled to claim relief for patent infringement, the Patent Act speaks even more generally of a "patent owner," *id.* § 271(d), "the owner of the patent," *id.* § 271(e)(5), or "an owner of an infringed patent." *Id.* § 289 (emphases added). The Federal Circuit correctly rejected this style of reasoning, however, and determined that the reference in section 154(a)(1) to "the patentee, his heirs or assigns" does not mean that patents can only be owned by these three categories of individuals. (Pet. App. at 13a)

Moreover, Petitioners overlook that the very list to which they point, in § 154(a)(1), by its own terms allows for a secured creditor's ownership. The word "patentee" is a defined term in the Patent Act, which 35 U.S.C. § 100 ("Definitions") explains "includes not only the patentee to whom the patent was issued but also the successors in title to the patentee." (emphasis added). Petitioners do not mention this provision, and make no attempt to explain how a secured creditor who obtains ownership of patent collateral in accordance with the UCC fails to be a "successor in title" squarely covered by § 154. Indeed, if any dicta from this Court's pre-UCC jurisprudence is to be instructive here, it is this: "We should not read into the patent laws limitations and conditions which the Legislature has not expressed." *United States v. Dubilier Condenser Corporation*, 289 U.S. 178, 199 (1933).

Having no legitimate statutory evidence to support its argument that Congress intended to preempt state property law, Petitioners do move quickly to a discussion of dicta from various cases which predate the first version of the UCC by as much as 100 years or more.[5] Still, none of the authority Petitioners cite is to the contrary. It is telling in this regard that Petitioners do not provide the factual context for any of the dicta excerpted in their Petition. The cases Petitioners rely upon involve the totally dissimilar circumstance of a patentee who "divided the monopoly" of his patent in a way that failed to convey to a third party all substantial rights to the patent, as is required to confer standing to sue for infringement—e.g., by granting a non-exclusive right in the invention, and even then only within a certain territory, *Gayler v. Wilder*, 51 U.S. 477, 494-95 (1850), or by granting the right to exclude only one particular person from practicing the invention. *See Crown Die & Tool v. Nye Tool*, 261 U.S. 24, 25-26 (1923).

This case, by contrast, involves the very different question of whether a third party—namely, a debtor who pledged his patent as collateral for a loan, and whose rights were foreclosed in accordance with the Massachusetts UCC—nonetheless still owns all rights to the patents-in-suit. Petitioners cite no case that provides a federal rule for determining such ownership disputes simply because resolution of the dispute will affect standing to sue. To the contrary, it is well settled that "State law, not federal law" governs where the claim is "that a third party owns a particular patent"—the only claim at issue here. *MyMail, Ltd. v. America Online, Inc.*, 476 F.3d 1372, 1375-76 (Fed. Cir. 2007) (emphasis added); *see also infra* n.6.

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[5] The UCC, first published in 1952, has since been adopted in all of the 50 states, and in the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands.

The distinction is significant and has been emphasized repeatedly by the Federal Circuit and every circuit court and district court that has had an opportunity to consider the question. For instance, in *MyMail* the defendant argued that the plaintiff lacked standing to sue for infringement, although he had acquired his rights via a state court judgment transferring title to a patent, and the judgment had not been nullified under state law. The defendant urged that federal law governed the disputed transfer, because the issue involved standing to sue and touched on "fraud in the procurement of a patent." *Id.* at 1376. The *MyMail* Court disposed of the argument, explaining:

> Fraud in the procurement bears on the enforceability of the patent and thus implicates the public's interest in ensuring that the grant of patent rights is legitimate. Asserting that a third party owns a particular patent, however, is a different matter. In that case, the enforceability of the patent is not challenged; the only question is one of ownership. State law, not federal law, addresses such property ownership disputes.

Id. (emphasis added). Like the argument rejected in *MyMail*, Petitioners' pre-UCC cases stand for the unremarkable proposition that "dividing the monopoly" of a patent may implicate the public's interest in ensuring that the grant of patent rights is legitimate—and (thus) federal law. That has nothing to do with this interlocutory appeal. The claim here is that a third party owns all of the rights of the patents-in-suit—which is a property ownership question squarely governed by Massachusetts law. *See also infra* n. 6.

To reach a different result, this Court would have to make new law—a new federal common law of secured transactions involving a foreclosure on patent collateral—and simultaneously preempt and displace the uniform procedures of Article 9 of the UCC adopted by the states. In addition to contradicting established preemption principles, such a ruling would upend more than twenty years of PTO practice. The PTO explains in an Official Notice that its long-standing rule has been to recognize transfers of patent collateral through foreclosure proceedings—and to record them in the public registry—where a notice is submitted by a creditor who certifies, among other things, that the patent "has been legally foreclosed on based upon the applicable state law." (Resp. App. O) At least for the past 21 years, the PTO has treated such notices as a "recordable instrument" under 37 C.F.R. 1.331.

Notably, the PTO explains that it has intentionally rejected the rule Petitioners asked the Federal Circuit to impose—as the old PTO practice was to require a written instrument signed by the debtor whose rights had been foreclosed. This old requirement "forced the secured party to bring action in a court of law where otherwise Court action might not have been necessary." (Resp. App. O) Thus, the PTO has for the past 20 years recognized a secured creditor's foreclosure, and recorded it in the public registry, if the foreclosure was done pursuant to the law the PTO understands to govern the transfer: state law.

> To facilitate recording of foreclosures not signed by a debtor and avoid unnecessary court proceedings, the Office will record foreclosures [that meet four criteria, including] . . . . that the patent or the patent application has been legally foreclosed on *based upon the applicable state law* . . . . A foreclosure document complying with [these] criteria will be deemed to be a recordable instrument in accordance with 37 C.F.R. 1.331. (Resp. App. O)

In the face of this PTO acknowledgment that state law applies, Petitioners claim (1) state law is inapplicable and preempted, and (2) the Patent Act always requires a written instrument signed by the debtor after foreclosure, in order to effect a valid transfer. Where, as here, a court must "interpret an archaic statute, the historic practice of the agency that was created to help implement that statute can shed light on its meaning." *Cybernetic*, 252 F.3d at 1057; *cf. Wyeth v. Levine*, 129 S.Ct. 1187, 1200 (2009) ("The case for federal pre-emption is particularly weak where Congress has indicated its awareness of the operation of state law in a field of federal interest, and has nonetheless decided to stand by both concepts and to tolerate whatever tension there [is] between them.") The objective evidence of Congress's intent does not support Petitioners' claim of federal preemption. *See Wisconsin Public*, 501 U.S.

at 607 (to preempt state law Congress's intent "must be clear and manifest").

Perhaps most surprising, however, is Petitioners' citation to The Federalist to support an argument for preemption on these facts. *See* Pet. at 11 (citing THE FEDERALIST No. 43 (James Madison)). Federalist No. 43 recounts the unremarkable proposition that the States cannot grant patents—a truism no one disputes here. Indeed, the only cases that have found the Patent Act to preempt state law almost without exception arose in this context, in which a state sought to confer a "patent-like" monopoly on ideas already in the public domain. *See, e.g., Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 155 (1989). By contrast, this dispute concerns a subject unrelated to the state's issuance of patent or patent-like protection, and unrelated to any subject covered by the Patent Act. This dispute concerns a circumstance more accurately addressed by Madison a few essays later, in Federalist No. 45:

> The powers delegated by the proposed Constitution to the federal government are few and defined. Those which are to remain in the State governments are numerous and indefinite.

THE FEDERALIST No. 45 (James Madison). Indeed, it bears mention that the constitutional authority for the Patent Act which Petitioners' claim to have preemptive force over the UCC adopted by Massachusetts is only as follows: "to promote the progress of science and useful arts, by securing, for a limited time, to authors and inventors, the exclusive right to their respective writings and discoveries." U.S. Const., art. I, sec. 8, cl. 8.

Tellingly, and despite many rounds of briefing, Petitioners have never identified a single decision from any court holding that the UCC—or any state property ownership law—is preempted by the Patent Act. In fact, every court to consider the issue has declined to find that the Patent Act preempts any portion of the UCC.[6] The Federal Circuit correctly declined to preempt the UCC here.

B. The Federal Circuit Correctly Applied Existing Law.

Despite Petitioners' suggestion, the Federal Circuit's decision is both narrow and perfectly aligned with existing law. Similar to the intestacy context at issue in *Akazawa*, 520 F.3d at 1354, insolvency frequently involves a debtor who is either unwilling or unable—after his rights have been legally foreclosed—to execute a written instrument re-confirming the transfer of title. Moreover, under the UCC such a post-foreclosure writing would be a nullity, because by definition a foreclosure sale requires foreclosing the debtor's rights in the collateral—leaving the debtor with nothing legally to assign. *See* UCC § 9-617. Adopting the UCC, Massachusetts law expressly provides that a secured party's foreclosure and purchase of collateral after default, as occurred here, entitles him to "all of the debtor's rights in the collateral." Mass. Gen. Laws ch. 106, § 9-617(a)(1). Petitioners stipulated below that the holding of *Akazawa* "was correct." Pet. App. at 13a. The Federal Circuit correctly found *Akazawa* controlling on these facts.

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[6] *See Cover v. Hydramatic*, 83 F.3d 1390 (Fed. Cir. 1996) (marking statute, 35 U.S.C. § 287(a), did not preempt Pennsylvania UCC warranties that delivered goods shall be free of rightful claim of infringement by third parties); *In re Cybernetic*, 252 F.3d 1039, 1057 (9th Cir. 2001) (Patent Act did not preempt California UCC regarding perfection of security interests, and 35 U.S.C. § 261 does not apply to Article 9 security interests in patents to mandate their recordation in the PTO); *In re Coldwave*, 368 B.R. 91 (Bankr. D. Mass. 2007) (recording provisions of UCC Art. 9 not preempted by § 261 of Patent Act); *In re Pasteurized Eggs*, 296 B.R. 283 (Bankr. D. N.H. 2003) (same).

Moreover, transfers of patent title by operation of law have long been recognized valid. *See Holden v. Stratton*, 198 U.S. 202, 212 (1905) (explaining that trustee of estate of a bankrupt was "vested, by operation of law, with the title of the bankrupt . . to all . . patents, patent rights, copyrights, and trademarks" upon his appointment as trustee); *cf. Bloomer*, 68 U.S. at 345 (characterizing question as whether "the respondent, [has] under these instruments, either by their proper interpretation or by operation of general law, the right to continue to use, during the extension of the patent by Congress, the three machines which he constructed . . . ") (emphasis added). Indeed, Petitioners stipulated below that a transfer could validly be effected by operation of law when they stipulated that the holding of *Akazawa* "was correct." Pet. App. at 13a (emphasis added).

Remarkably, however, Petitioners claim now that "[t]his Court has recognized the importance of Congress' statutory scheme by holding that Congress' written assignment requirement is the sole statutory mechanism for transferring legal title to a patent." Pet. at 5. Thankfully, this is false. Indeed, if this Court had held that a written assignment is required to transfer title to a patent, then a whole host of patent rights—property rights—would immediately be destroyed. They would be destroyed whenever an inventor dies without a will specifically bequeathing his patent. They would be destroyed whenever a debtor-corporation has been legally dissolved for all purposes and is powerless under state law to execute a binding written instrument assigning its patents. They would be destroyed whenever a corporation is prevented from taking legal action (such as executing a legally effective written assignment) by virtue of unpaid state taxes. They would be destroyed whenever an employee, who had agreed to assign any future patents he acquired as the fruit of his employment, died while his patent application was pending.

In fact, this Court has never held that a written assignment is the sole means for transferring a patent. The very case Petitioners' cite for their assertion on this point actually supports the Federal Circuit's holding below. In *United States v. Dubilier Condenser Corp*, 289 U.S. 178 (1933), the Court observed (again in dicta) that an agreement to assign a patent that had not yet issued "if valid as a contract, will be specifically enforced." *Id.* at 187. Subsequent decisions have repeatedly clarified that, in such a case, "no further act would be required once an invention came into being; the transfer of title would occur by operation of law." *Speedplay v. Bebop*, 211 F.3d 1245, 1253 (Fed. Cir. 2000) (citing *Filmtec v. Allied-Signal*, 939 F.2d 1568, 1570 (Fed. Cir. 1991)).[7]

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[7] Similarly off-point is *Moore v. Marsh*, 74 U.S. (7 Wall.) 515, 520 (1868), in which Petitioners claim "this Court held that Section 14 of the 1836 Patent Act permitted only patentees, assignees, and grantees to sue for patent infringement." Pet. at 13. The Court will search the opinion in vain for any such holding. Indeed, the most the Court said in that 1868 case was "[a]ssignees and grantees, as well as the patentee, may, under some circumstances, maintain an action on the case for an infringement, in their own name, as appears by the express words of the act of Congress"—without any discussion what-

The same principle is reflected here: a patent holder promised its patents in a written agreement as collateral for a loan—expressly providing that the patents were transferrable to the secured creditor in the event of default, if the transfer was done in accordance with the strictures of the Massachusetts UCC—and the agreement was in fact enforced pursuant to the Massachusetts UCC and the patent transferred by operation of that law. Petitioners' claim—that the original patent holder was required to execute a second written instrument re-confirming the transfer *after* Massachusetts law had already operated to vest title in his creditor—is unsupported by any decision of this or any other court.

In the alternative, Petitioners claim that this Court should engage in policy-making, urging that it should announce a new rule of federal preemption in order to (1) surround patents with safeguards usually attaching to real property; (2) ensure that the public has notice of patent ownership; and (3) protect litigants from "unverifiable claims of patent ownership." Pet. at 5. Assuming these were proper concerns for this Court, they present no reason for worry here. First, the detailed and intricate statutory structure set out in the Uniform Commercial Code comes far closer than does section 261's three-word "instrument in writing" provision to fulfilling Petitioner's stated desire that the conveyance of patents be imbued with safeguards resembling those usually attaching to land.[8] Second,

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soever of exclusivity, a question that was simply not before the Court in *Moore*. 74 U.S. (7 Wall.) at 515.

[8] Notably, Congress did not state that patents shall be transferred like real property is transferred (nor has Congress enacted any statutes of general applicability defining how real property is transferred). Just the opposite is true, as section

those same UCC statutes include a recording provision—via a UCC Financing Statement filed in the public registry of the state—to provide the public with notice of a creditor's interest. Indeed, in this case there is no dispute that the public was put on notice, as the secured creditor here filed both a UCC Financing Statement and recorded the same with the United States Patent & Trademark Office. Third, anyone searching the chain of title reflected on the public records in this case would be able to verify the transfer at issue here. The only way such transfers would truly be "unverifiable" is if this Court were to nullify the innumerable transfers made in accordance with the UCC—transfers which are presently reflected in the public records of every state.

As an apparent fall-back position, Petitioners claim an imagined parade of horribles that might flow from the recognition that states can make laws concerning property, even intellectual property. None are realistic or authorized by the Federal Circuit's decision below. First, for general intangibles (patents), the UCC requires a written financing statement. *See Cybernetic*, 252 F.3d at 1044 (examining requirement in California UCC). Any suggestion that the Federal Circuit's decision paved the way for oral or otherwise undocumented UCC patent transfers is simply a red-herring.

To the contrary, the Federal Circuit explains that a written agreement—signed by the debtor no less—existed as a precursor to the transfer that occurred pursuant to state law here. Pet. App. at 3a-6a (describing written agreement granting creditor a

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261 begins with the statement "patents shall have the attributes of personal property" which shall be assignable "by an instrument in writing." 35 U.S.C. § 261.

security interest in the patents and, in the event of default, "the right to exercise all the remedies of a secured party upon such default under the Massachusetts UCC," including right to foreclose and purchase patents at public sale). Thus, the Federal Circuit's decision is actually narrower than *Akazawa* (where no writing existed), and is consistent with prior case law recognizing an operation of law transfer where there existed a similar written agreement. *See Speedplay v. Bebop*, 211 F.3d 1245, 1253 (Fed. Cir. 2000) (recognizing transfer by operation of law where written agreement gave employer a right in future inventions; stating "no further act would be required once an invention came into being; the transfer of title would occur by operation of law.") (citing *Filmtec v. Allied-Signal*, 939 F.2d 1568, 1570 (Fed. Cir. 1991)).

Finally, the only currently-pending amicus brief (filed by the Twenty Second Century Foundation) does not change this analysis, but merely confuses the UCC title vs. lien debate and the facts of this case. That debate concerns an issue not present here: whether title to collateral resides in a debtor or his creditor before default and foreclosure.[9] This case involves rights transferred after foreclosure. While the UCC views the first debate as immaterial (*see* UCC § 9-202), it most certainly addresses this transfer: "[a] secured party's disposition of collateral after default: (1) transfers . . . all of the debtor's rights in the collateral." UCC § 9-617(a)(1). The issue is another red-herring.

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[9] The *Cybernetic* case (252 F.3d at 1044), for instance, reflects this debate and explains that a security interest that has not been foreclosed upon does not transfer a patent.

C. The Federal Circuit's Decision is Consistent with Sound Public Policy.

Finally, the Federal Circuit correctly recognized sound policy reasons to decline announcing a new rule of federal preemption here: A change in the law could invalidate a virtually infinite number of secured transactions (and the subsequent licenses/sublicenses) involving patent collateral that have taken place in fifty states over the nearly six decades since the UCC first debuted. Indeed, the novelty of Petitioners' assertion is most readily apparent when one searches for a single treatise instructing practitioners of the rule Petitioners would have this Court announce. To the contrary, these practice materials affirmatively instruct practitioners that they should follow the procedures set forth in state law to transfer secured patent collateral. *See, e.g.*, Thomas L. Bahrick, *Security Interests in Intellectual Property*, 15 A.I.P.L.A. Q. J. 30, 48 (1987) ("Since there are no federal laws governing the foreclosure of security interests, such proceedings are governed by state laws" and "it is therefore advisable to check the laws of the jurisdiction in question."); P. Heald, *Resolving Priority Disputes In Intellectual Property Collateral*, 1 J. INTELLECTUAL PROPERTY L. 135, 146 (1993) ("foreclosure on federal intellectual property collateral is wholly a matter of state law"); T. Ward, *Creating And Perfecting Security Interests In Intellectual Property*, 9 Maine Bar J. 154, 163 (1994) ("The federal intellectual property statutes do not deal with the rights of secured parties when the debtor-owner defaults.").

Moreover, in advocating to displace the UCC, Petitioners offer no alternative, save that a writing should be required. What if the debtor-corporation has been legally dissolved for all purposes, and is powerless under state law to execute any written instrument? What if it is prevented from taking action by unpaid state taxes? Petitioners would open a can of worms that the skilled drafters of the UCC have rightly kept shut, and create the potential that patent rights could be extinguished or destroyed upon insolvency.[10] The literal destruction of property and wholesale impairment of contract that such a ruling would effect carries far-reaching consequences that are undesirable, save perhaps by a potential infringer. This merely highlights why this Court has rarely tolerated federal intervention into state contract or property law.

The Federal Circuit also appreciated that creditors will not ignore Petitioners' new rule. Those with an appetite sufficient to continue financing with patent collateral will demand an immediate patent assignment to the creditor pending full repayment of the loan. This in turn deprives patentees of the opportunity to demand a basic UCC protection: the right, upon default, to have a public sale of their patents, and to receive any surplus or proceeds exceeding their debt. *See, e.g.*, UCC §§ 9-602(5) (specifying non-waivable accounting protections in favor of debtors whose rights are subject to the UCC), 9-608(a)(4) ("A secured party shall account to and pay a debtor for any surplus"); and 9-615(d) ("the secured party shall account to and pay a debtor for any surplus"). The Federal Circuit correctly avoided this outcome by harmonizing state and federal law, and rejecting Petitioners' unfounded preemption request.

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[10] Many states also preclude a suit to compel an assignment by a dissolved corp. *Keefe v. Glasford*, 532 N.W.2d 626, 70-71 (Neb. 1995) (actions against dissolved corp. barred); *Hunter v. Fort Worth*, 620 S.W.2d 547, 552 (Tex. 1981) (same); *Grell v. Laci Le Beau*, 73 Cal.App.4th 1300, 1306 (Cal. App. 1999) ("During the period that a corp. is suspended for failure to pay taxes, it may not prosecute or defend an action."); 19 Am. Jur. 2d Corporations § 2435 (2008) ("After the expiration of the time allowed for a corp. to wind up its affairs, it cannot sue or be sued").

CONCLUSION

Respondents respectfully urge the Court to decline Petitioners' request for a Writ of Certiorari.

Respectfully submitted

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March 5, 2010

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APPENDIX A

Chapter 300 Ownership and Assignment

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301 Assignability of Patents and Applications

35 U.S.C. 261. Ownership: assignment. Subject to the provisions of this title, patents shall have the attributes of personal property.

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

A certificate of acknowledgment under the hand and official seal of a person authorized to administer oaths within the United States, or, in a foreign country, of a diplomatic or consular officer of the United States or an officer authorized to administer oaths whose authority is proved by a certificate of a diplomatic or consular officer of the United States, or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States, shall be primp facie evidence of the execution of an assignment, grant or conveyance of a patent or application for patent.

An assignment, grant, or conveyance shall be void as against any subsequent purchaser or mortgagee for valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

35 U.S.C. 262. Joint owners. In the absence of any agreement to the contrary, each of the joint owners of a patent may make, use or sell the patented invention without the consent of and without accounting to the other owners.

37 CFR 1.331. Recording of assignments, (a) Assignments, including grants and conveyances, of patents, national applications, or international applications which designate the United States of America, will be recorded in the Patent and Trademark Office under 35 U.S.C. 261. Other instruments affecting title to a patent, a national application, or an international application which designates the United States of America, and licenses, even though the recording thereof may not serve as constructive notice under 35 U.S.C. 261, will be recorded as provided in this section or in the discretion of the Commissioner. Any instrument to be recorded, except those under Part 7 of this title, must be accompanied by the fee set forth in § 1.21(h).

(b) No instrument will be recorded which is not in the English language and which does not amount to an assignment, grant, mortgage, lien, incumbrance, or license, or which does not affect the title of the patent or invention to which it relates, and which does not identify the patent or application to which it relates, except as ordered by the Commissioner.

(c) An instrument relating to a patent should identify the patent by number and date (the name of the inventor and title of the invention as stated in the patent should also be given); an instrument relating to a national application, or an international application which designates the United States of America should identify the application by serial number or international application number and date of filing (the name of the inventor and title of the invention as stated in the application should also be given) but if an assignment is executed concurrently with or subsequent to the execution of the application but before the application is filed or before its serial number or international application number and filing date are ascertained, it should adequately identify the application, as by its date of execution and name of the inventor and title of the invention; so that there can be no mistake as to the patent or application intended.

37 CFR 1.333. Conditional Assignments. Assignments which are made conditional on the performance of certain acts or events, as the payment of money or other condition subsequent, if recorded in the Office are regarded as absolute assignments for Office purposes until cancelled with the written consent of both parties or by the decree of a competent court. The Office has no means for determining whether such conditions have been fulfilled.

301.01 Accessibility of Assignment Records

37 CFR 1.12. Assignment records open to public inspection.

(a) The assignment records, relating to original or reissue patents, including digests and indexes, and assignment records relating to pending or abandoned trademark applications and to trademark registrations are open to public inspection and copies of any instrument recorded may be obtained upon request and payment of the fee set forth in § 1.19(a)(5).

(b) Assignment records, digests, and indexes, relating to any pending or abandoned patent application are not available to the public. Copies of any such assignment records and information with respect thereto shall be obtainable only upon written authority of the applicant or applicant's assignee or attorney or agent or upon a showing that the person seeking such information is a bona fide prospective or actual purchaser, mortgagee, or licensee of such application, unless it shall be necessary to the proper conduct of business before the Office or as provided by these rules.

(c) Any request by a member of the public seeking copies of any assignment records of any pending or abandoned patent application preserved in secrecy under § 1,14, or any information with respect thereto, must (1) be in the form of a petition accompanied by the petition fee set forth in § 1.17(i) or (2) include written authority granting access to the member of the public to the particular assignment records from the applicant or applicant's assignee for attorney or agent of record.

(d) An order for a copy of an assignment should give the identification of the record. If identified only by the name of the patentee and number of the patent, or in the case of a trademark registration by the name of the registrant and number of the registration, or by name of the applicant and serial number or international application number of the application, an extra charge as set forth in § 1.21(f) will be made for the time consumed in making a search for such assignment.

Assignments relating to applications for registration of trademarks are open to public inspection.

The Office will not open certain parts only of an assignment document to public inspection. If such a document contains two or more items, any one of which, if alone, would be open to such inspection, then the entire document will be open. Thus, if an assignment covers either a trademark or a patent in addition to one or more patent applications, it will be available to the public ab initio; and if it covers a number of patent applications, it will be so available as boon as any one of them is patented. Assignments relating only to one or more pending applications for patent will not be open to public inspection.

If the application on which a patent was granted is a division or continuation of an earlier case, the assignment records of that case will be open to public inspection; similar situations involving continuation-in-part applications will be considered on their individual merits.

Assignment records relating to reissue applications are open to public inspection.

302 Effect of Recording

37 CFR 1.332. Receipt and recording. Assignments are recorded in regular order as promptly as possible, and then transmitted with the date and identification of the record stamped thereon to the persons entitled to them. The date of record is the date of the receipt of the assignment at the Office in proper form and accompanied by the fee set forth in § 1.21(h).

The Patent and Trademark Office will accept and record legible certified copies of original assignments or other instruments.

The certified copy, if not in the English language, will not be recorded unless accompanied by a translation signed by the translator.

Certification shall be to the fact that the instrument submitted is a true copy of the original and shall be made by a notary public or, if in a foreign country, by a consular officer of the United States or an officer authorized to administer oaths and authenticated by a consular officer of the United States. Certification may also be made in the form of a declaration (37 CFR 1.68).

303 Endorsing Assignments on Pending Applications

Certified copies, of patent applications as filed, do not include an indication of assignments. Applicants desiring an indication of assignments of record should request separately certified copies of assignment documents and submit the fees required by 37 CFR 1.19(b)(1) and (2).

When the determination of the assignment condition of an application is significant, as in the factual situations represented by CI 304 and 305, or when forwarding a form PTO-850 to the Board of Patent Interferences, it is necessary to submit the application to the Assignment Division for a title report.

304 Conflicting Subject Matter in Two Applications of Same Inventor, One of Which Is Assigned

Where applicant has pending two applications with overlapping subject matter claimed therein, and assigns one of the applications in its entirety, which assignment is duly recorded in the Patent and Trademark Office, the assigned application at once may become a reference against the second application for all common subject matter disclosed, irrespective of the dates of filing of the two applications, and also of any subsequent assignment of the second case to another assignee.

Use Form Paragraph 3.01. in conflicting subject matter situations.

3.01 Conflicting Subject Matter In two Applications of Same Inventor, one of Which Is Assigned

This application has overlapping subject matter with that of applicant's copending application serial number [1]. Since an assignment of the copending application has been recorded in the Patent and Trademark Office, applicant is advised that the copending application is considered a reference against the instant application for all common subject matter disclosed, irrespective of the filing dates of these two applications, and also of any subsequent assignment of this application to another assignee. See MPEP 304.

Examiner Note:

This paragraph only applies when the instant application is not assigned, and thus knowledge thereof cannot be disclosed in the co-pending application. Thus, the presumption is made that the co-pending (assigned) application is prior art, placing the burden on applicant to overcome the presumption. If both are commonly assigned, this presumption is not made and a normal double patenting rejection is made.

305 Different Inventors, Common Ownership

Where there is a common assignee of two or more applications by different inventors involving conflicting subject matter see § 804.03. Note, that in order to reject on the grounds of double patenting the cases must have the same inventive entity. See § 804.

305.02 Claimed Subject Matter the Same or Not Patentably Different

Where the applications by different inventors but of common ownership claim the same subject matter or subject matter that is not patentably different, questions of interference therebetween and with third parties are handled as indicated in §§ 804.03 and 1101.01(b).

306 Assignment of Division, Continuation, Substitute and Continuation-in-Part in Relation to Parent Case

In the case of a continuation-in-part, a prior assignment of the original application is not applied to the continuation-in-part application because the assignment of the original application gives the assignee only the subject matter common to both applications. Continuation-in-part applications require separate assignments if they are to be issued to an assignee.

The front page of the printed patent includes all identifying parent data of continuation-in-part, continuation, divisional, and reissue applications. It should be noted, however, that inclusion of this information does not necessarily indicate that the claims are entitled to the benefit of the earlier filing date.

The Assignment Division has discontinued mailing notification in cases where there is a conflict in assignment between an original application and its divisional, continuation, substitute, or continuation-in-part application. Where there are conflicting assignments, the patent will normally issue to the applicant.

307 Issue to Assignee

35 U.S.C. 152. Issue of patent to assignee. Patents may be granted to the assignee of the inventor of record in the Patent and Trademark Office, upon the application made and the specification sworn to by the inventor, except as otherwise provided in this title.

37 CFR 1.334. Issue of parent to assignee. (a) In case of an assignment of the entire interest in the invention and application, or of the entire interest in the patent to be granted, the patent will normally issue to the assignee. If the assignee should hold an undivided part interest, the patent will normally issue jointly to the inventor and the assignee. If it is desired that the patent so issue, the assignment in either case must first have been recorded, and at a day not later than the date payment is made of the issue fee.

(b) At the time of payment of the issue fee, a statement must be furnished indicating whether or not an assignment has been filed with the Patent and Trademark Office. In the event an assignment has been filed, such statement must include the name and address of the assignee and indicate whether or not an acknowledgment of a recorded assignment has been received from the Patent and Trademark Office.

(c) If the assignment is recorded after the date of payment of the issue fee, the assignee may petition that the patent issue to the assignee as recorded. Any such petition must be accompanied by the fee set forth in § 1.17(i).

For the patent to normally issue to an assignee, the assignment must be recorded in the Patent and Trademark Office at a date not later than the day on which the issue fee is paid.

Only the first appearing name of an assignee, will be printed on the patent where multiple names for the *same* party are identified on the Issue Fee Transmittal form, PTOL-85b. Such multiple names may occur when both a legal name and an "also known as" or "doing business as" name is also included. This printing practice will not, however, affect the existing practice of recording assignments with the Office in the Assignment Division. The assignee entry on form PTOL-85b should still be completed to indicate the assignment data as recorded in the Office. For example, the assignment filed in the Office and therefore the PTOL-85b assignee entry might read "Smith Company doing business as (d.b.a.) Jones Company." The assignee entry on the printed patent will read "Smith Company."

Irrespective of whether the assignee participates in the prosecution of the application, the patent issues to the assignee if so indicated on the Issue Fee payment form.

308 Notice of Allowance Where Application Is Assigned

The Issue Fee Transmittal. Form portion (PTOL-85b) of the Notice of Allowance provides a space (item 2) for assignment data which should be completed in order to comply with 37 CFR 1.334. Unless an assignee's name and address are identified in item 2 of the Issue Fee Transmittal Form PTOL-85b, the patent will issue to the applicant. Assignment data printed on the patent will be based solely on the information so supplied.

A request for correction of error arising from incomplete or erroneous information furnished in item 2 of PTOL-85b will not be granted as a matter of course and will be subject to adherence to all the requirements of 37 CFR 1.323.

309 Restrictions Upon Employees of Patent and Trademark Office

35 U.S.C. 4. Restrictions on officers and employees as to interest in patents. Officers and employees of the Patent and Trademark Office shall be incapable, during the period of their appointments and for one year thereafter, of applying for a patent and of acquiring, directly or indirectly, except by inheritance or bequest, any patent or any right or interest in any patent, issued or to be issued by the Office. In patents applied for thereafter they shall not be entitled to any priority date earlier than one year after the termination of their appointment.

310 License Rights to Contractor-Owned Inventions Made Under Federally-Sponsored Research and Development

Where a Government contractor retains U.S. domestic patent rights, the contractor is required to include the following statement at the beginning of the application and any patents issued thereon:

> "The U.S. Government has a paid-up license in this invention and the right in limited circumstances to require the patent owner to license others on reasonable terms as provided for by the terms of contract No. (or Grant No.) awarded by (Agency)."

If reference is made in the first sentence of the application to prior copending applications of the applicant, such prior applications must be referred to in the first sentence of the specification (37 CFR 1.78(a) and § 201.11), in this case the required "License Rights" statement should follow immediately as the second paragraph of the specification.

If there is no reference to an earlier application, the required "License Rights" statement should appear as the first paragraph of the specification.

311 Filing of Notice of Arbitration Awards

35 U.S.C 294. Voluntary arbitration.

(a) A contract involving a patent or any right under a patent may contain a provision requiring arbitration of any dispute relating to patent validity or infringement arising under the contract. In the absence of such a provision, the parties to an existing patent validity or infringement dispute may agree in writing to settle such dispute by arbitration. Any such provision or agreement shall be valid, irrevocable, and enforceable, except for any grounds that exist at law or in equity for revocation of a contract.

(b) Arbitration of such disputes, awards by arbitrators and confirmation of awards shall be governed by title 9, United States Code, to the extent such title is not inconsistent with this section. In any such arbitration proceeding, the defenses provided for under section 282 of this title shall be considered by the arbitrator if raised by any party to the proceeding.

(c) An award by an arbitrator shall be final and binding between the parties to the arbitration but shall have no force or effect on any other person. The parties to an arbitration may agree that in the event a patent which is the subject matter of an award is subsequently determined to be invalid or unenforceable in a judgment rendered by a court to competent jurisdiction from which no appeal can or has been taken, such award may be modified by any court of competent jurisdiction upon application by any party to the arbitration. Any such modification shall govern the rights and obligations between such parties from the date of such modification.

(d) When an award is made by an arbitrator, the patentee, his assignee or licensee shall give notice thereof in writing to the Commissioner. There shall be a separate notice prepared for each patent involved in such proceeding. Such notice shall. set forth the names and addresses of the parties, the name of the inventor, and the name of the patent owner, shall designate the number of the patent, and shall contain a copy of the award. If an award is modified by a court, the party requesting such modification shall give notice of such modification to the Commissioner. The Commissioner shall, upon receipt of either notice, enter the same in the record of the prosecution of such patent. If the required notice is not filed with the Commissioner, any party to the proceeding may provide such notice to the Commissioner.

(e) The award shall be unenforceable until the notice required by subsection (4) is received by the Commissioner.

37 CFR 1.335 Filing of notice of arbitration awards

(a) Written notice of any award by an arbitrator pursuant to 35 U.S.C. 294 must be filed in the Patent and Trademark Office by the patentee, or the patentee's assignee or licensee. If the award involves more than one patent a separate notice must be filed for placement in the file of each patent. The notice must set forth the patent number, the names of the inventor and patent owner, and the names and addresses of the parties to the arbitration. The notice must also include a copy of the award.

(b) If an award by an arbitrator pursuant to 35 U.S.C. 294 is modified by a court, the party requesting the modification must file in the Patent and Trademark Office, a notice of the modification for placement in the file of each patent to which the modification applies. The notice must set forth the patent number, the names of the inventor and patent owner, and the names and addresses of the parties to the arbitration. The notice must also include a copy of the court's order modifying the award.

(c) Any award by an arbitrator pursuant to 35 U.S.C. 294 shall be unenforceable until any notices required by paragraph (a) or (b) of this section are filed in the Patent and Trademark Office. If any required notice is not filed by the party designated in paragraph (a) or (b) of this section, any party to the arbitration proceeding may file such a notice.

The written notices required by this section should be directed to the attention of the Office of the Solicitor, which Office will be responsible for processing of such notices.

APPENDIX B

State of Delaware
Office of the Secretary of State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "TRADEACCESS, INC.", CHANGING ITS NAME FROM "TRADEACCESS, INC." TO "OZRO INC.", FILED IN THIS OFFICE ON THE THIRD DAY OF MAY, A.D. 2001, AT 3:30 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

[Logo]

/s/ Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

2964845 8100 AUTHENTICATION: 1116630

010215218 DATE: 05-04-01

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION
OF
TradeAccess, Inc. Pursuant to Section 242 of the General Corporation Law of The State of Delaware

TRADEACCESS, INC. (hereinafter, the "Corporation"), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows.

By unanimous written consent of the Board of Directors of the Corporation, a resolution was duly adopted by a majority of the Board of Directors of the Corporation, pursuant to Section 242 of the General Corporation Law of the State of Delaware, setting forth an amendment to the Certificate of Incorporation of the Corporation and declaring such amendment to be advisable. The stockholders of the Corporation duly approved such proposed amendment by written consent in accordance with Sections 228 and 242 of the General Corporation Law of the State of Delaware, and written notice of such consent has been given to all stockholders who have not consented in writing to such amendment. The resolution setting forth the amendment is as follows:

RESOLVED: That, in the judgment of the Board of Directors of the Corporation, it is deemed advisable that the Corporation's Certificate of Incorporation be amended by amending Article FIRST of the Corporation's Certificate of Incorporation to change the name of the Corporation from TradeAccess, Inc. to Ozro Inc.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its President this 30th day of April, 2001.

TRADEACCESS, INC.
By: /s/ Gary B. Jackson
Name: Gary B. Jackson
Title: President

APPENDIX C

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "IP Agreement") is made as of the 2nd clay of April, 2001 by and between TRADEACCESS, INC., a Delaware corporation with its principal place of business at One Bowdoin Square, 7th Floor, Boston, Massachusetts 02114 ("Grantor"), and SILICON VALLEY BANK, a California-chartered bank, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at One Newton Executive Park, Suite 200, 2221 Washington Street, Newton, Massachusetts 02462, doing business under the name "Silicon Valley East" ("Lender").

RECITALS

A. Lender has agreed to make advances of money and to extend certain financial accommodations to Grantor (the "Loan"), pursuant to a certain loan and Security Agreement dated as of December 10, 1999, between Grantor and Lender, as amended from time to time (as amended, the "Loan Agreement"). The Loan is secured pursuant to the terms of the Loan Agreement. Lender Is willing to enter into certain financial accommodations with Grantor, but only upon the condition, among others, that Grantor shall grant to Lender a security Interest in certain Copyrights, Trademarks, Patents, and Mask Works, and other assets, to secure the obligations of Grantor under the Loan Agreement. Defined terms used but not defined herein shall have the same meanings as in the Lean Agreement.

B. Pursuant to the terms of the Loan Agreement, Grantor has granted to Lender a security interest in all of Grantor's right title and interest, whether presently existing or hereafter acquired In, to and under all of the Collateral (as defined therein).

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and Intending to be legally bound, as collateral security for the prompt and complete payment when due of Grantor's Indebtedness (as defined below), Grantor hereby represents, warrants, covenants and agrees as follows:

1. Grant of Security Interest: As collateral security for the prompt and complete payment and performance of all of Grantor's present or future Indebtedness, obligations and liabilities to Lender under the Loan Agreement (hereinafter, the "Indebtedness"), Grantor hereby grants a security Interest in all of Grantor's right, title and Interest In, to and under its registered and unregistered intellectual property collateral (all of which shall collectively be called the "Intellectual Property Collateral"), Inducting, without limitation, the following:

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, Including without limitation those set forth on EXHIBIT A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(d) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on EXHIBIT B attached hereto (collectively, the "Patents");

(e) Any trademark and service mark rights, slogans, trade dress, and tradenames, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Grantor connected with and symbolized by such trademarks, including without limitation those set forth on EXHIBIT C attached hereto (collectively, the "Trademarks"), but excluding any U.S. Federal trademark or service mark registration application filed under 15 U.S.C. Section 1051(b) until such time as the filing in such application of an amendment under 15 U.S.0 Section 1051(c) to bring the application into conformity with 15 U.S.C. Section 1051(a) or the filing of a verified statement of use under 15 U.S.C. Section 1051(d);;

(f) All mask works or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired, including, without limitation those set forth on EXHIBIT D attached hereto (collectively, the "Mask Works");

(g) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights Identified above;

(h) All licenses or other rights to use any of the Copyrights, Patents, Trademarks, or Mask Works and all license fees and royalties arising from such use to the extent permitted by such license or rights, Including, without limitation those set forth on EXHIBIT E attached hereto; and

(i) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks, Patents, or Mask Works; and

(j) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

Notwithstanding anything to the contrary herein contained, the Intellectual Property Collateral shall not include any license or other contract which by its terms prohibits the Grantor from granting a security Interest therein.

2. Authorization and Request. Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this IP Agreement.

3. Covenants and Warranties. Except as disclosed on the Disclosure Schedule attached hereto and incorporated herein by this reference, Grantor represents, warrants, covenants and agrees as follows:

(a) Grantor is now the sole owner of the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor to its customers in the ordinary course of business.

(b) Performance of this IP Agreement does not conflict with or result in a breath of any IP Agreement to which Grantor is bound.

(c) During the term of this IP Agreement, Grantor will not transfer or otherwise encumber any interest in the Intellectual Property Collateral, except for or as provided in (I) exclusive or non-exclusive licenses granted by Grantor in the ordinary course of business or as set forth in this IP Agreement, (ii) liens and security interests granted to Cross Atlantic Capital Partners, Inc. (the "Agent") as agent for Cross Atlantic Technology Fund, L.P., The Co-Investment 2000 Fund, L.P., and 31 Technology Partners, L.P. pursuant to an Intellectual Property Security Agreement dated on or about the date hereof, and (iii) a certain Preferred Escrow Agreement dated on or about the date hereof among DSI Technology Services, Inc., the Grantor, and the Agent;

(d) To its knowledge, each of the Patents is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property Collateral violates the rights of any third party;

(e) Grantor shall promptly advise Lender of any material adverse change in the composition of the Collateral, including but not limited to any subsequent ownership tight of the Grantor In or to any Trademark, Patent, Copyright, or Mask Work specified in this IP Agreement;

(f) Grantor shall (i) use commercially reasonable efforts to protect, defend and maintain the validity and enforceability of the Trademarks, Patents, Copyrights, and Mask Works, (II) use its best efforts to detect infringements of the Trademarks, Patents, Copyrights, and Mask Works and promptly advise Lender In writing of material infringements detected and (III) not allow any Trademarks, Patents, Copyrights, or Mask Works to be abandoned, forfeited or dedicated to the public without the written consent of Lender, which shall not be unreasonably withheld, unless Grantor determines that reasonable business practices suggest that abandonnent is appropriate.

(g) Unless Grantor determines that reasonable business practices suggest that such action is not in the Grantor's best interests taking into account all circumstances as they may exist from time to time, Grantor shall promptly register the most recent version of any of Grantor's Copyrights, if not so already registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Lender may reasonably request from time to time to perfect or continue the perfection of Lender's interest in the Intellectual Property Collateral;

(h) This IP Agreement creates, and in the case of after acquired Intellectual Property Collateral, this IP Agreement will create at the time Grantor first has rights In such after acquired Intellectual Property Collateral, in favor of Lender a valid and perfected first priority security interest and collateral assignment in the Intellectual Property

Collateral in the United States securing the payment and performance of the obligations evidenced by the Loan Agreement upon making the filings referred to in clause (i) below;

(i) To its knowledge, except for, and upon, the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights and Mask Works necessary to perfect the security interests created hereunder ancl except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Grantor of the security interest granted hereby, or for the execution, delivery or performance of this IP Agreement by Grantor in the U.S. or (II) for the perfection in the United States or the exercise by Lender of Its rights and remedies thereunder;

(j) AU Information heretofore, herein or hereafter supplied to Lender by or on behalf of Grantor with respect to the Intellectual Property Collateral is accurate and complete in all material respects.

(k) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Lender's prior written consent, which consent shall not be unreasonably withheld. Grantor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Grantor's rights and interest in any property included within the definition of the

Intellectual property Collateral acquired under such contracts.

(l) Upon any executive officer of Grantor obtaining actual knowledge thereof, Grantor will promptly notify Lender in writing of any event that materially adversely affects the value of any material Intellectual Property Collateral, the ability of Grantor to dispose of any material Intellectual Property Collateral of the rights and remedies of Lender in relation thereto, Including the levy of any legal process against any of the Intellectual Property Collateral.

4. Lender's Rights. Lender shall have the right, but not the obligation, to take at any time in its commercially reasonable discretion, at Grantor's sole expense, any actions that Grantor is required under this IP Agreement to take but which Grantor fails to take, after fifteen (15) days' notice to Grantor. Grantor shall reimburse and indemnify Lender for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4.

5. Inspection Rights. Grantor hereby grants to Lender and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable written notice to Grantor, any of Grantor's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Intellectual Property Collateral, and to inspect the products and quality control records relating thereto upon reasonable written notice to Grantor and as often as may be reasonably requested, but not more than once in every six (6) months; provided, however, nothing herein shall entitle Lender access

to Grantor's trade secrets and other proprietary information.

6. Further Assurances: Attorney in Fact.

(a) On a continuing basis, Grantor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such Instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Lender, to perfect Lender's security interest In all Copyrights, Patents, Trademarks, and Mask Works and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Lender the grant or perfection of a security interest In all Intellectual Property Collateral.

(b) Grantor hereby irrevocably appoints Lender as Grantor's attorney-In-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Lender or otherwise, from time to time in Lender's reasonable discretion, upon Grantor's failure or inability to do so within ten (10) days after written notice from the Lender, to take any action and to execute any instrument which Lender reasonably may deem necessary or advisable to accomplish the purposes of this IP Agreement, including:

(i) To modify, in its reasonable discretion, this IP Agreement without first obtaining Grantor's approval of or signature to such modification by amending Exhibit A, Exhibit 13, Exhibit C, and

Exhibit D hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents, Trademarks or Mask Works acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents, Trademarks, or Mask Works In which Grantor no longer has or claims any right, title or interest; and

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of Grantor where permitted by law.

7. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this IP Agreement:

(a) An Event of Default occurs under the Loan Agreement; or any document from Grantor to Lender; or

(b) Grantor breaches any warranty or agreement made by Grantor In this IP Agreement which is not cured within thirty (30) days after its occurrence, provided, however, if the default cannot be cured within thirty (30) days or cannot be cured after Grantor's attempts in the thirty (30) day period, and the default may be cured within a reasonable time, then Grantor shall have additional time, (of not more than thirty (30) days) to attempt to cure the default. During the additional period the failure to cure the default is not an Event of Default under this IP Agreement

8. Remedies. Upon the occurrence and continuance of an Event of Default, Lender shall have the right to exercise all the remedies of a secured party under the

Massachusetts Uniform Commercial Code, including without limitation the right to require Grantor to assemble the Intellectual Property Collateral and any tangible property In which Lender has a security interest and to make it available to Lender at a place reasonably designated by Lender. Lender shall have a nonexclusive, royalty free license to use the Copyrights, Patents, Trademarks, and Mask Works solely to the extent reasonably necessary to permit Lender to exercise its rights and remedies upon the occurrence of an Event of Default. Grantor will pay any reasonable expenses (including reasonable attorney's fees) incurred by Lender in connection with the exercise of any of Lender's rights hereunder, including without limitation any expense incurred In disposing of the Intellectual Property Collateral. All of Lender's rights and remedies with respect to the Intellectual Property Collateral shall be cumulative.

9. Indemnity. Grantor agrees to defend, indemnify and hold harmless Lender and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this IP Agreement, and (b) all losses or expenses in any way suffered, Incurred, or paid by Lender as a result of or in any way arising out of, following or consequential to transactions between Lender and Grantor, whether under this IP Agreement or otherwise (including without limitation, reasonable attorneys fees and reasonable expenses), except for losses arising from or out of Lender's gross negligence or willful misconduct.

10. Reassignment. At such time as Grantor shall completely satisfy all of the obligations secured hereunder, Lender shaft execute and deliver to Gran-

tor all deeds, assignments, and other instruments as may be necessary or proper to reinvest in Grantor full title to the property assigned hereunder, subject to any disposition thereof which may have been made by Lender pursuant hereto.

11. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

12. Amendments. This IP Agreement may be amended only by a written instrument signed by both parties hereto.

13. Counterparts. This IP Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument

14. Law and Jurisdiction. This IP Agreement shall be governed by and construed In accordance with the laws of the Commonwealth of Massachusetts. GRANTOR ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE COMMONWEALTH OF MASSACHUSETTS IN ANY ACTION, SUIT, OR PROCEEDING OF ANY KIND, AGAINST IT WHICH ARISES OUT OF OR BY REASON OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT IF FOR ANY REASON LENDER CANNOT AVAIL ITSELF OF THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS, GRANTOR ACCEPTS JURISDICTION OF THE COURTS AND VENUE IN SANTA CLARA COUNTY, CALIFORNIA.

GRANTOR AND LENDER EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

15. Confidentiality. In handling any confidential Information, Lender shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (i) to Lender's subsidiaries or affiliates in connection with their present or prospective business relations with Grantor; (ii) to prospective transferees or purchasers of any interest In the Loans; (iii) as required by law, regulation, subpoena, or other order, (iv) as required In connection with Lenders examination or audit; and (v) as Lender considers appropriate in exercising remedies under this Agreement. Confidential information does not include information that either: (a) is in the public domain or in Lender's possession when disclosed to Lender, or becomes part of the public domain alter disclosure to Lender; or (b) is disclosed to Lender by a third party, If Lender reasonably does

not know that the third party Is prohibited from disclosing the Information.

EXECUTED as a seated Instrument under the laws of the Commonwealth of Massachusetts on the day and year first written above.

Address of Grantor:

One Bowdoin Square
7th Floor
Boston, Massachusetts
02114

GRANTOR:

TRADEACCESS, INC.
By: /s/ Jeff Conklin
Name: Jeff Conklin
Title: CEO

SILICON VALLEY BANK

By:____________

Name:____________

Title:____________

EXECUTED as a sealed instrument under the laws of the Commonwealth of Massachusetts on the day and war find written above.

Address of Grantor:

One Bowdoin Square
7th Floor
Boston, Massachusetts
02114

GRANTOR:

TRADEACCESS, INC.
By:____________
Name:__________
Title:____________

SILICON VALLEY BANK

By: /s/ Pamela A. Braren

Name: Pamela A. Braren

Title: VP

Exhibit "A" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "A"

COPYRIGHTS

SCHEDULE A - ISSUED COPYRIGHTS

COPYRIGHT DESCRIPTION	REGISTRATION NUMBER	DATE OF ISSUANCE

NONE

SCHEDULE B -PENDING COPYRIGHT APPLICATIONS

COPYRIGHT DESCRIPTION	APPLICATION NUMBER	DATE OF FILING	CREATION	FIRST DATE OF PUBLIC DISTRIBUTION

NONE

SCHEDULE C - UNREGISTERED COPYRIGHTS (Where No Copyright Application is Pending

Copyright Description	Date Of Creation	First Date Of Distribution	Date And Recordation Number Of IP Agreement With Owner Or Original Grantor If Author Or. Owner Of Copyright Is Different From Grantor	Original Author Or Owner Of Copyright Is Different From Grantor
The Dynamic Agreement	v1- (6/21/00)	v1 - (6/21/00)	N/A	N/A
eProcurement Application	v2 - (10/03/00)	v2 - (10/03/00)	N/A	N/A
The Dynamic Agreement	v1 - (6/21/00)	v1 - (6/21/00)	N/A	N/A
Negotiation Engine	v2 - (10/03/00)	v2 - (10/03/00)	N/A	N/A

Exhibit "B" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "B"

PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing/ Issue Date	Status
System for Iterative, Multivariate Negotiations over a Network	ET-98-001	USA	6,141,653	10/31/00	Issued
International Transaction Processing System	ET98-003	USA	09/192,729	11/16/98	Pending
Electronic Non-Repudiation System and Method	ET98-006	USA	09/192,979	11/16/98	Pending
System and Method for Ordering Sample Quantities over a Network	ET98-007	USA	09/192,848	11/16/98	Pending
System for Iterative, Multivariate Negotiations over a Network	ET98-001 PCT	USA	PCT/US99/27151	11/16/99	Pending
Iterative Bargaining System	ET98-002PCT	USA	PCT/US99/27224	11/16/99	Pending
International Transaction Processing Center	ET98-003PCT	USA	PCT/US99/27221	11/16/99	Pending
Integrated RemoteWeb Authoring System	ET98-004PCT	USA	PCT/US99/27219	11/16/99	Pending
Sponsored Community System and Method	ET98-005PCT	USA	PCT/US99/27186	11/16/99	Pending
Electronic Non-Repudiation System and Method	ET98-006PCT	USA	PCT/US99/27183	11/16/99	Pending
System and Method for an Automated System of Record	ET00-001CIP	USA	09/702,062	10/30/00	Pending
System and Method for Higher Level Security and Validation	ET00-002CIP	USA	09/702,061	10/30/00	Pending
System and Method for Multiple Repositories	ET00-003CIP	USA	09/702,065	10/30/00	Pending

System and Method for Dynamic Contracts	ET00-004CIP	USA	09/702,063	10/30/00	Pending
System and Method for Contract Authority	ET00-005CIP	USA	09/702,050	10/30/00	Pending
System and Method for Active Templates	ET00-006CIP	USA	09/702,010	10/30/00	Pending
System and Method for Automated, Iterative, Development Negotiations	ET00-007CIP	USA	09/702,049	10/30/00	Pending
System and Method for Process Mining	ET00-008CIP	USA	09/702,128	10/30/00	Pending

EXHIBIT "C"

TRADEMARKS

TRADEMARK DESCRIPTION	COUNTRY	SERIAL NO.	REG. NO.	STATUS REGISTERED
TRADE ACCESS	US	75/182,907	2,327,514	3-14-2000

Exhibit "D" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "D"

MASK WORKS

MASK WORK DESCRIPTION	COUNTRY	SERIAL NO.	REG. NO.	STATUS

None

Exhibit "E" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "E"

LICENSES

1. Strategic Technology Partner Software Agreement between Grantor and Procurepoint.com dated December 22, 1999;
2. Software License and Sublicense Agreement between Grantor and World Commerce Online, Inc., dated May 31, 2000; and
3. Amended and Restated Master Alliance Agreement between Grantor and Andersen Consulting LLP, dated August 31, 2000.

APPENDIX D

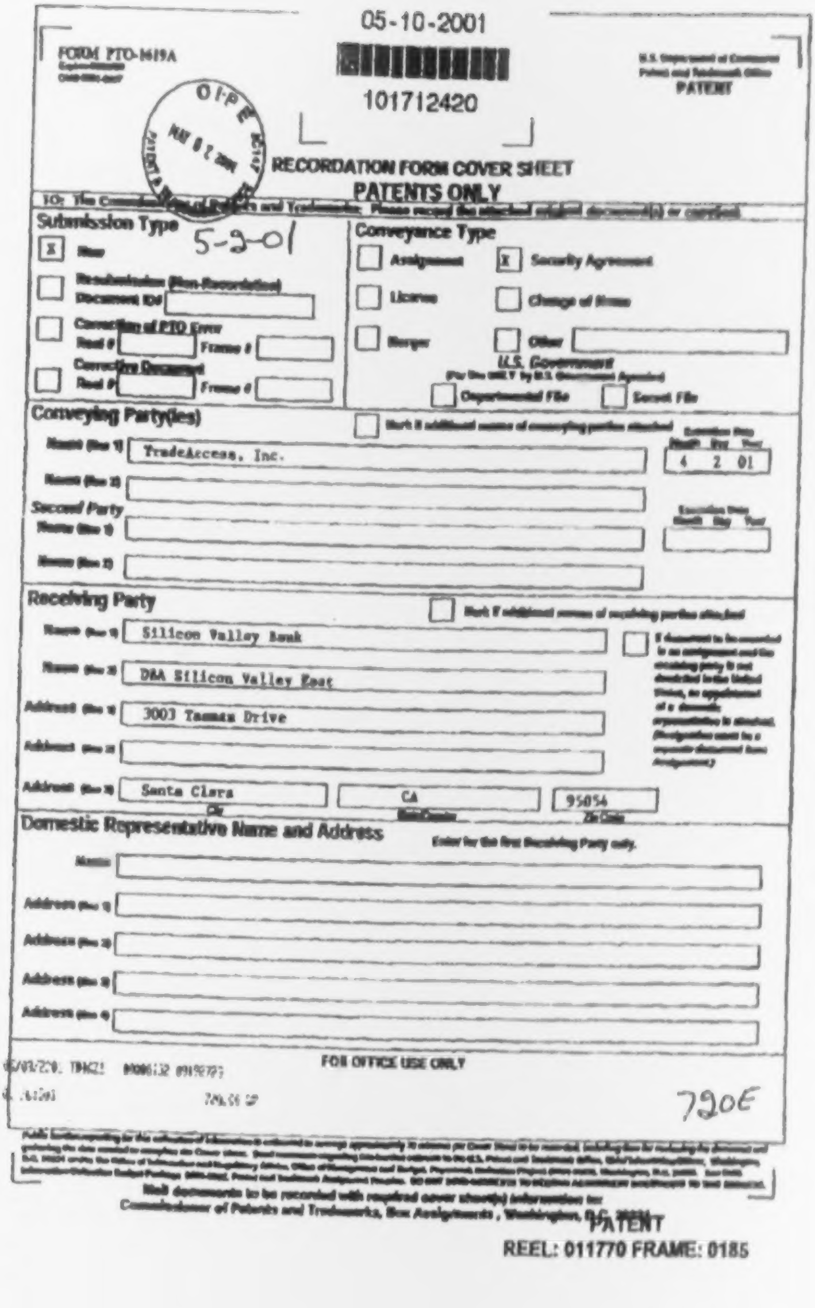
Exhibit "B" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "B"

PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing/ Issue Date	Status
System for Iterative, Multivariate Negotiations over a Network	ET-98-001	USA	6,141,653	10/31/00	Issued
International Transaction Processing System	ET98-003	USA	09/192,729	11/16/98	Pending
Electronic Non-Repudiation System and Method	ET98-006	USA	09/192,979	11/16/98	Pending
System and Method for Ordering Sample Quantities over a Network	ET98-007	USA	09/192,848	11/16/98	Pending
System for Iterative, Multivariate Negotiations over a Network	ET98-001 PCT	USA	PCT/US99/27151	11/16/99	Pending
Iterative Bargaining System	ET98-002PCT	USA	PCT/US99/27224	11/16/99	Pending
International Transaction Processing Center	ET98-003PCT	USA	PCT/US99/27221	11/16/99	Pending
Integrated RemoteWeb Authoring System	ET98-004PCT	USA	PCT/US99/27219	11/16/99	Pending
Sponsored Community System and Method	ET98-005PCT	USA	PCT/US99/27186	11/16/99	Pending
Electronic Non-Repudiation System and Method	ET98-006PCT	USA	PCT/US99/27183	11/16/99	Pending
System and Method for an Automated System of Record	ET00-001CIP	USA	09/702,062	10/30/00	Pending
System and Method for Higher Level Security and Validation	ET00-002CIP	USA	09/702,061	10/30/00	Pending

System and Method for Multiple Repositories	ET00-003CIP	USA	09/702,065	10/30/00	Pending
System and Method for Dynamic Contracts	ET00-004CIP	USA	09/702,063	10/30/00	Pending
System and Method for Contract Authority	ET00-005CIP	USA	09/702,050	10/30/00	Pending
System and Method for Active Templates	ET00-006CIP	USA	09/702,010	10/30/00	Pending
System and Method for Automated, Iterative, Development Negotiations	ET00-007CIP	USA	09/702,049	10/30/00	Pending
System and Method for Process Mining	ET00-008CIP	USA	09/702,128	10/30/00	Pending



05-10-2001

101712420

FORM PTO-1619A

U.S. Department of Commerce
Patent and Trademark Office
PATENT

OIPE
MAY 0 2 2001

RECORDATION FORM COVER SHEET
PATENTS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type 5-2-01

☒ New

☐ Resubmission (Non-Recordation)
Document ID#

☐ Correction of PTO Error
Reel # Frame #

☐ Corrective Document
Reel # Frame #

Conveyance Type

☐ Assignment ☒ Security Agreement

☐ License ☐ Change of Name

☐ Merger ☐ Other

U.S. Government
(For Use ONLY by U.S. Government Agencies)
☐ Departmental File ☐ Secret File

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Name (line 1) TradeAccess, Inc.
Execution Date Month Day Year 4 2 01
Name (line 2)

Second Party
Name (line 1)
Execution Date Month Day Year
Name (line 2)

Receiving Party

☐ Mark if additional names of receiving parties attached

Name (line 1) Silicon Valley Bank
Name (line 2) DBA Silicon Valley East
Address (line 1) 3003 Tasman Drive
Address (line 2)
Address (line 3) Santa Clara CA 95054
City State/Country Zip Code

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address Enter for the first Receiving Party only.

Name
Address (line 1)
Address (line 2)
Address (line 3)
Address (line 4)

FOR OFFICE USE ONLY

720E

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C.

PATENT
REEL: 011770 FRAME: 0185

FORM PTO-1619D

Page 2

U.S. Department of Commerce
Patent and Trademark Office
PATENT

Correspondent Name and Address

Area Code and Telephone Number 703-415-1555

Name Christopher E. Kondracki

Address (line 1) 2001 Jefferson Davis Hwy.

Address (line 2) Suite 505

Address (line 3) Arlington, VA 22202

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. # 16

Application Number(s) or Patent Number(s)

☒ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)			Patent Number(s)		
09/192,729	09/702,062	09/702,063	6,141,653		
09/192,979	09/702,061	09/702,050			
09/192,868	09/702,065	09/702,010			

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor. Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT US99/27151	PCT US99/27221	PCT US99/27186
PCT US99/27224	PCT US99/27219	PCT US99/27183

Number of Properties

Enter the total number of properties involved. # 18

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): $ 720.00

Method of Payment: Enclosed ☒ Deposit Account ☐

Deposit Account
(Enter for payment by deposit account or if additional fees can be charged to the account.)
Deposit Account Number: # 19-3545

Authorization to charge additional fees: Yes ☒ No ☐

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Christopher E. Kondracki		May 2, 2001
Name of Person Signing	Signature	Date

PATENT
REEL: 011770 FRAME: 0186

FORM PTO-1619C
[illegible]

RECORDATION FORM COVER SHEET
CONTINUATION
PATENTS ONLY

U.S. Department of Commerce
Patent and Trademark Office
PATENT

OIPE
[illegible]
PATENT & TRADEMARK OFFICE

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Enter additional Conveying Parties

Name (line 1) ☐ Execution Date Month Day Year
Name (line 2)

Name (line 1) ☐ Execution Date Month Day Year
Name (line 2)

Name (line 1) ☐ Execution Date Month Day Year
Name (line 2)

Receiving Party(ies)

☐ Mark if additional names of receiving parties attached

Enter Additional Receiving Party(ies)

Name (line 1)
Name (line 2)
Address (line 1)
Address (line 2)
Address (line 3) City State/Country Zip Code

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 1)
Name (line 2)
Address (line 1)
Address (line 2)
Address (line 3) City State/Country Zip Code

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Application Number(s) or Patent Number(s)

☐ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)			Patent Number(s)		
09/702,049					
09/702,128					

PATENT
REEL: 011770 FRAME: 0187

APPENDIX F

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "IP Agreement") is made as of the 3rd day of April, 2001 by and between TradeAccess, Inc. ("Grantor"), and Cross Atlantic Capital Partners, Inc. ("CACP"), as agent for Cross Atlantic Technology Fund, L.P. ("XATF"), The Co-Investment 2000 Fund, L.P. ("Cl 2000"), and 3i Technology Partners L.P. ("31") (CACP in its capacity as such agent is referred to herein as the "Agent") as provided in a certain Senior Secured Convertible Promissory Note Purchase Agreement (the "Note Purchase Agreement") of even date by and among the Grantor, XATF, CI 2000, 31, and the Agent.

RECITALS

A. XATF, CI 2000, and 3i (collectively, the "Investors") will make credit extensions to Grantor as described in the Note Purchase Agreement, but only if Grantor grants Agent a security interest in its Copyrights, Trademarks, and Patents, (each as hereinafter defined). Capitalized terms used but not defined herein shall have the same meanings as in the Note Purchase Agreement.

B. The authorization, rights, duties, and obligations of the Agent as collateral agent for the Investors under this IP Agreement are set forth in, and subject to, the terms and conditions of Section 4 of that certain Intercreditor and Subordination Agreement of even date herewith (as the same may be amended and in effect from time to time) by and among the Grantor, the Investors, Silicon Valley

Bank, and the Agent and in accordance with Section 8 of the Note Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and intending to be legally bound, as collateral security for the prompt and complete payment when due of Grantor's obligations under this IP Agreement, the Note Purchase Agreement and the Notes issued or to be issued thereunder (collectively, the "Secured Obligations"), Grantor hereby represents, warrants, covenants and agrees as follows:

1. Grant of Security interest. As collateral security for the prompt and complete payment and, performance of all of Grantor's Secured Obligations, Grantor hereby grants to Agent, for benefit and on behalf of Investors, a first priority (except as to liens and security interests granted to Silicon Valley Bank pursuant to an Intellectual Property Security Agreement executed on or about the date hereof) security interest in all of Grantor's right, title and interest throughout the world in, to and under the following (all of which shall collectively be called the "Intellectual Property Collateral"):

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design patents, design patent applications, design registrations, design registration applications, and design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(d) All inventions, rights to apply for patents, patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, reexaminations, extensions and continuations-in-part of the same and rights of priority related thereto now existing anywhere in the world or hereafter acquired or held, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(e) Any trademarks, servicemarks, tradenames, domain names, corporate names, logos and designs, whether registered or not, applications to register and registrations of the same and like protections now existing anywhere in the world or hereafter adopted or acquired, and the entire goodwill of the business of Grantor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks"), but excluding any U.S. Federal trademark or service mark registration application filed under 15 U.S.C. Section 1051(b) until such time as the filing in such application of an amendment under 15 U.S.C. Section 1051(c) to bring the application into conformity with 15 U.S.C. Section 1051(a) or the filing of a verified statement of use under 15 U.S.C. Section 1051(d);

(f) All rights pursuant to that letter agreement by and between Grantor and Jeffrey M. Conklin dated October 5, 2000 and the promissory note in principal amount of $50,000 of even date therewith, relating to the payment of certain legal fees and expenses in connection with the action *Jeffrey M. Conklin, Individually and Derivatively on Behalf of CPlntemational, Inc. v. Beth Perdue v. TradeAccess, at al.*, Suffolk Superior Court Docket No. 99-0335A;

(g) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(h) All licenses or other rights to use any of the Copyrights, Patents, or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(i) All amendments, extensions and renewals of any of the Copyrights, Trademarks, or Patents; and

(j) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

Notwithstanding anything to the contrary herein contained, the Intellectual Property Collateral shall not include any license or other contract which by its terms prohibits the Grantor from granting a security interest therein.

2. Authorization and Request. Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks, and their

counterparts in countries other than the United States, record this IP Agreement.

3. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows (except to the extent that anything in the Note Purchase Agreement, Including any schedules thereto, is to the contrary of any such representation or warranty):

(a) Grantor is the sole owner of the intellectual Property Collateral, except for non-exclusive licenses granted by Grantor to its customers in the ordinary course of business.

(b) Performance of this IP Agreement does not conflict with or result in a breach of any agreement to which Grantor is bound.

(c) During the term of this IP Agreement, Grantor will not, and will not attempt to, assign, transfer, license, mortgage, grant any security interest or lien in, or otherwise encumber any interest in the Intellectual Property Collateral, except for (1) exclusive and nonexclusive licenses each of which is made to be taken subject to the obligations set forth in this Agreement granted by Grantor in the ordinary course of business or as set forth in this IP Agreement and (2) liens and security interests granted to Silicon Valley Bank pursuant to an Intellectual Property Security Agreement executed on or about the date hereof.

(d) To its best knowledge, each of the Patents, Trademarks and Copyrights is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that (1) any part of the Intellectual Property Collateral violates the rights of any third party, (2) any part of the

Intellectual Property Collateral is invalid or unenforceable, or (3) any third party has any interest in or license (except for non-exclusive licenses granted by Grantor in the ordinary course of business) under any part of the Intellectual Property Collateral.

(e) Grantor shall promptly advise Agent of any material adverse change in the composition of the Intellectual Property Collateral, including but not limited to any subsequent ownership right of the Grantor in or to any Trademark, Patent, Copyright, or Mask Work specified in this IP Agreement.

(f) Grantor shall (i) use commercially reasonable efforts to protect, defend, preserve and maintain the validity and enforceability of the Trademarks, Patents, and Copyrights, (ii) use its best efforts to detect Infringements of the Trademarks, Patents, and Copyrights, and promptly advise Agent in writing of material infringements detected and discuss potential actions with Agent accordingly and (iii) not allow any Trademarks, Patents, or Copyrights to be abandoned, forfeited, expired, cancelled or dedicated to the public without the written consent of Agent, which shall not be unreasonably withheld, unless Grantor determines that reasonable business practices suggest that abandonment is appropriate, in which event Grantor shall advise Agent of such determination in writing no less than thirty (30) days prior to the last day to take action to avoid abandonment, forfeiture, expiration, cancellation or dedication to the public, or, if less than thirty (30) days is available between the date of receipt by Grantor of notification from a court or agency of an unfavorable decision with respect to a Trademark, Patent, or Copyright and such last day to take action, promptly upon receipt of such notification.

(g) Unless Grantor determines that reasonable business practices suggest that such action is not in the Grantor's best interests taking into account all circumstances as they may exist from time to time, Grantor shall promptly register the most recent version of any of Grantor's Copyrights, if not so already registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Agent may reasonably request from time to time to perfect or continue the perfection of Agent's interest in the Intellectual Property Collateral.

(h) This IP Agreement creates, and in the case of after acquired Intellectual Property Collateral, this IP Agreement will create at the time Grantor first has rights in such after acquired intellectual Property Collateral, in favor of Agent a valid and perfected first priority (except as to liens and security interests granted to Silicon Valley Bank pursuant to an Intellectual Property Security Agreement executed on or about the date hereof) security Interest in the intellectual Property Collateral in the United States securing the payment and performance of the Secured Obligations upon making the filings referred to In clause (i) below.

(i) To Its best knowledge, except for, and upon, the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights necessary to perfect the security interests created hereunder and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority of U.S. regulatory body is required either (i) for the grant by Grantor of the security interest granted hereby or for the execution, delivery or performance of this IP Agreement by Grantor In the U.S. or (ii) for the perfection in the United States or the exercise by Agent of its rights and remedies thereunder.

(j) All information heretofore, herein or hereafter supplied to Agent by or on behalf of Grantor with respect to the Intellectual Property Collateral is accurate and complete in all material respects.

(k) Grantor shall not enter into or attempt to enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Agent's prior written consent, which consent shall not be unreasonably withheld. Grantor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Grantor's rights and interest in any property included within the definition of the intellectual Property Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in effect prohibit the creation of a security interest in such contracts.

(l) Upon any executive officer of Grantor obtaining actual knowledge thereof, Grantor will promptly notify Agent in writing of any event that materially adversely affects the value of any material Intellectual Property Collateral, the ability of Grantor to dispose of any material Intellectual Property Collateral or the rights and remedies of Agent in relation thereto, including the levy of any legal process against any of the Intellectual Property Collateral.

(m) Grantor, Agent, and a source code escrow agent acceptable to both shall, as soon as possible after entering into this IP Agreement, enter into a

Preferred Escrow Agreement in a mutually acceptable form, and Grantor shall maintain, at Grantor's expense, throughout the term of this IP Agreement, a source code escrow in accordance with that agreement or such successor source code escrow agreement as may be agreed by the parties.

4. Agent's Rights; No Duty of Agent. Agent shall have the right, but not the obligation, to take at any time in its commercially reasonable discretion, at Grantor's sole expense, any actions that Grantor is required under this IP Agreement to take but which Grantor fails to take, including any action necessary following notice to Agent under Section 3(f)(iii) hereof to avoid abandonment, forfeiture, expiration, cancellation, or dedication to the public. Grantor shall reimburse and indemnify Agent for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4, which reasonable costs and reasonable expenses constitute Secured Obligations. Except as otherwise set forth herein, Agent shall not have as a result of this IP Agreement or otherwise, any duty, to Grantor or any third party, of any description to assist or participate in the obtaining, registration, maintenance, renewal, protection and/or enforcement of the Intellectual Property Collateral.

5. Inspection Rights. Grantor hereby grants to Agent and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable notice to Grantor, any of Grantor's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Intellectual Property Collateral, and to inspect the products and quality control records relating thereto

upon reasonable written notice to Grantor and as often as may be reasonably requested, but not more than one (1) in every six (6) months; provided, however, nothing herein shall entitle Agent access to Grantor's trade secrets and other proprietary Information. The foregoing shall not affect the rights (if any) that any of the Investors independently may have with respect to Grantor's trade secrets and other proprietary Information.

6. Further Assurances: Attorney in Fact.

(a) On a continuing basis, Grantor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and fife and record in the proper filing and recording places in the United States (and such other countries as Grantor and Agent shall agree are appropriate), all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Agent, to perfect Agent's security interest in all Copyrights, Patents, and Trademarks, and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Agent the grant or perfection of a security interest in all Intellectual Property Collateral.

(b) Grantor hereby irrevocably appoints Agent as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Agent or otherwise, from time to time in Agent's reasonable discretion, upon Grantor's failure or inability to do so within 10 days after written notice from the Agent, to take any action and to execute any instrument which Agent reasonably may deem necessary or advisable to accomplish the purposes of this IP Agreement, (provided that Grantor shall not have such 10-day cure period with respect to matters arising under Section 4 hereof):

(i) To modify, in its reasonable discretion, this IP Agreement by amending Exhibit A, Exhibit B, Exhibit C, and Exhibit D hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents, or Trademarks acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents, or Trademarks, in which Grantor no longer has or claims any right, title or interest; and

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of Grantor where permitted by law.

7. Events of Default. The occurrence of any Event of Default under the Notes shall constitute an Event of Default under this IP Agreement.

8. Remedies. (a) Upon the occurrence and continuance of an Event of Default, Agent shall have the right to exercise all the remedies of a secured party upon such default under the Massachusetts Uniform Commercial Code (the "UCC") (or other applicable Federal or other law), in addition to which, Agent shall have the following rights and remedies: (i) to take possession of all or any portion of the Intellectual Property Collateral, (ii) to sell, lease, or otherwise dispose of any or all of the Intellectual Property Collateral, in its then condition or following such preparation or processing as the Agent deems advisable and with or without the taking of possession of

any of the Intellectual Property Collateral, and (iii) to exercise all or any of the rights, remedies, powers, privileges, and discretions under all or any of the documents relating to the Secured Obligations.

(b) Sale of Intellectual Property Collateral:

(i) Any sale or other disposition of the Intellectual Property Collateral pursuant to Section 8(a) may be at public or private sale upon such terms and in such manner as the Agent deems advisable, having due regard to compliance with any statute or regulation which might affect, limit, or apply to the Agents disposition of the Intellectual Property Collateral. Unless the Intellectual Property Collateral Is perishable or threatens to decline speedily in value, or is of a type customarily sold on a recognized market (in which event the Agent shall provide the Grantor with such notice as may be practicable under the circumstances), the Agent shall give the Grantor at least seven (7) days prior written notice of the date, time, and place of any proposed public sale, and of the date after which any private sale or other disposition of the Intellectual Property Collateral may be made. The Grantor agrees that such written notice shall satisfy all requirements for notice to the Grantor which are imposed under the UCC or other applicable law with respect to the Agent's exercise of the Agent's rights and remedies upon default.

(ii) The Agent may purchase the Intellectual Property Collateral, or any portion of it at any public sale held under this Agreement.

(iii) The Agent shall apply the proceeds of any exercise of the Agent's Rights and Remedies under this Agreement towards the Secured Obligations in such manner, and with such frequency, as the Agent reasonably determines.

(c) Upon the occurrence and continuance of an Event of Default, Agent shall have the right to require Grantor to assemble the Intellectual Property Collateral and any tangible property in which Agent has a security interest and to make it available to Agent at the Grantor's sole risk and expense at a place reasonably designated by Agent. Agent shall have an exclusive, royalty free license (subject, however to all currently existing licenses and licenses entered into by the Grantor in the ordinary course of business) to use the Intellectual Property Collateral in which the Grantor now or hereafter has rights, such license to be solely to the extent necessary for Agent's exercise of its rights and remedies upon the occurrence of an Event of Default under this Agreement. Grantor will pay any reasonable expenses (including reasonable attorney's fees) incurred by Agent in connection with the exercise of any of Agent's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property Collateral. The rights, remedies, powers, privileges, and discretions of the Agent hereunder (herein, the "Agent's Rights and Remedies") shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. No delay or omission by the Agent in exercising or enforcing any of the Agent's Rights and Remedies shall operate as, or constitute, a waiver thereof. No waiver by the Agent of any Event of Default or of any default under any other agreement shall operate as a waiver of any other default hereunder or under any other agreement. No single or partial exercise of any of the Agent's Rights or Remedies, and no express or implied agreement or transaction of whatever nature entered into between the Agent and any person, at any time, shall preclude the other or further exercise of the Agent's Rights and Remedies. No waiver by the Agent of any of the Agent's Rights and Remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. All of the Agent's Rights and Remedies and all of the Agent's. rights, remedies, powers, privileges, and discretions under any other agreement or transaction are cumulative, and not alternative or exclusive, and may be exercised by the Agent at such time or times and in such order of preference as the Agent in its sole discretion may determine. The Agent's Rights and Remedies may be exercised without resort or regard to any other source of satisfaction of the Secured Obligations.

9. Reassignment. At such time as Grantor shall completely satisfy all of the obligations secured hereunder or at such earlier time as the Release Conditions are satisfied, the Agent shall execute and deliver to Grantor all deeds, assignments, and other instruments as may be necessary or proper to reinvest in Grantor full title to the property assigned hereunder, subject to any disposition thereof which may have been made by Agent pursuant hereto.

10. Indemnification. The Grantor shall indemnify, defend, and hold the Agent and any employee, officer, or agent of the Agent (each, an "Indemnified Person") harmless of and from any claim brought or threatened against any Indemnified Person by the Grantor, any guarantor or endorser of the Secured Obligations, or any other Person (as well as from attorneys' reasonable fees and expenses in connection therewith) on account of the Agent's relationship with the

Grantor hereunder established or any other guarantor or endorser of the Secured Obligations (each of which may be defended, compromised, settled, or pursued by the Indemnified Person with counsel of the Agent's selection, but at the expense of the Grantor) other than any claim as to which a final determination is made in a judicial proceeding (in which the Agent and any other Indemnified Person has had an opportunity to be heard), which determination includes a specific finding that the Indemnified Person seeking indemnification had acted in a grossly negligent manner or in actual bad faith. The within indemnification shall survive payment of the Secured Obligations and/or any termination, release, or discharge executed by the Agent in favor of the Grantor.

11. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

12. Attorneys' Fees. If any action relating to this IP Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys fees, costs and disbursements.

13. Amendments. This IP Agreement may be amended only by a written instrument signed by both parties hereto.

14. Counterparts. This IP Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

15. THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS SHALL APPLY TO THIS AGREEMENT. GRANTOR ACCEPTS FOR ITSELF

AND IN CONNECTION WITH ITS PROPERTIES, UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE COMMONWEALTH OF MASSACHUSETTS IN ANY ACTION, SUIT, OR PROCEEDING OF ANY KIND, AGAINST IT WHICH ARISES OUT OF OR BY REASON OF THIS ASSIGNMENT.

16. Confidentiality. In handling any confidential information, Agent shall exercise the same degree of care that it exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this IP Agreement except that the disclosure of this information may be made as required by law, regulation, rule or order, subpoena judicial order or similar order, provided that the Agent shall promptly give notice to the Grantor of any subpoena or other order compelling disclosure so that the Grantor may seek a protective order.

IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement on the day and year first above written.

Address of Grantor:

One Bowdoin Square
Suite 700
Boston, MA 02114

GRANTOR:

TRADEACCESS, INC.

By: Jeffrey Conklin
Name: Jeffrey Conklin
Title: CEO

AGENT:

Cross Atlantic Capital Partners, Inc., as Agent for 3i Technology Partners

LP: Cross Atlantic Technology Fund, LP. and The Co-Investment 2000 Fund, LP.

By: ____________
Name: __________
Title: ___________

required by law, regulation, rule or order, subpoena judicial order or similar order, provided that Agent shall promptly give notice to the Grantor of any subpoena or other order compelling disclosure so that the Grantor may seek a protective order.

IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement on the day and first above written. Address

Address of Grantor:

Ole Bowdoin Square
Suite 700
Boston, MA 02114

GRANTOR:

TRADEACCESS, INC.

By:________________
Name:______________
Title:________________

AGENT:

Cross Atlantic Capital Partners, Inc., as Agent for 3i Technology Partners LP: Cross Atlantic Technology Fund, LP. and The Co-Investment 2000 Fund, LP.

By: GLENN T. RIEGER
Name GLENN T. RIEGER
Title: President

Exhibit "A" attached to that certain Intellectual Property Security Agreement dated April 2001

EXHIBIT "A"

COPYRIGHTS

SCHEDULE A - ISSUED COPYRIGHTS

COPYRIGHT DESCRIPTION	REGISTRATION NUMBER	DATE OF ISSUANCE

NONE

SCHEDULE B -PENDING COPYRIGHT APPLICATIONS

COPYRIGHT DESCRIPTION	APPLICATION NUMBER	DATE OF FILING	CREATION	FIRST DATE OF PUBLIC DISTRIBUTION

NONE

SCHEDULE C - UNREGISTERED COPYRIGHTS

(Where No Copyright Application is Pending

Copyright Description	Date Of Creation	First Date Of Distribution	Date And Recordation Number Of IP Agreement With Owner Or Original Grantor If Author Or Owner Of Copyright Is Different From Grantor	Original Author Or Owner Of Copyright Is Different From Grantor
The Dynamic Agreement	v1- (6/21/00)	v1 - (6/21/00)	N/A	N/A
eProcurement Application	v2 - (10/03/00)	v2 - (10/03/00)	N/A	N/A
The Dynamic Agreement	v1 - (6/21/00)	v1 - (6/21/00)	N/A	N/A
Negotiation Engine	v2 - (10/03/00)	v2 - (10/03/00)	N/A	N/A

Exhibit “B” attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT “B”

PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing/ Issue Date	Status
System for Iterative, Multivariate Negotiations over a Network	ET-98-001	USA	6,141,653	10/31/00	Issued
International Transaction Processing System	ET98-003	USA	09/192,729	11/16/98	Pending
Electronic Non-Repudiation System and Method	ET98-006	USA	09/192,979	11/16/98	Pending
System and Method for Ordering Sample Quantities over a Network	ET98-007	USA	09/192,848	11/16/98	Pending
System for Iterative, Multivariate Negotiations over a Network	ET98-001 PCT	USA	PCT/US99/27151	11/16/99	Pending
Iterative Bargaining System	ET98-002PCT	USA	PCT/US99/27224	11/16/99	Pending
International Transaction Processing Center	ET98-003PCT	USA	PCT/US99/27221	11/16/99	Pending
Integrated RemoteWeb Authoring System	ET98-004PCT	USA	PCT/US99/27219	11/16/99	Pending
Sponsored Community System and Method	ET98-005PCT	USA	PCT/US99/27186	11/16/99	Pending
Electronic Non-Repudiation System and Method	ET98-006PCT	USA	PCT/US99/27183	11/16/99	Pending
System and Method for an Automated System of Record	ET00-001CIP	USA	09/702,062	10/30/00	Pending
System and Method for Higher Level Security and Validation	ET00-002CIP	USA	09/702,061	10/30/00	Pending
System and Method for Multiple Repositories	ET00-003CIP	USA	09/702,065	10/30/00	Pending

System and Method for Dynamic Contracts	ET00-004CIP	USA	09/702,063	10/30/00	Pending
System and Method for Contract Authority	ET00-005CIP	USA	09/702,050	10/30/00	Pending
System and Method for Active Templates	ET00-006CIP	USA	09/702,010	10/30/00	Pending
System and Method for Automated, Iterative, Development Negotiations	ET00-007CIP	USA	09/702,049	10/30/00	Pending
System and Method for Process Mining	ET00-008CIP	USA	09/702,128	10/30/00	Pending

EXHIBIT "C"

TRADEMARKS

TRADEMARK DESCRIPTION	COUNTRY	SERIAL NO.	REG. NO.	STATUS REGISTERED
TRADE ACCESS	US	75/182,907	2,327,514	3-14-2000

Exhibit "D" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "D"

LICENSES

1. Strategic Technology Partner Software Agreement between Grantor and Procurepoint.com dated December 22, 1999;
2. Software License and Sublicense Agreement between Grantor and World Commerce Online, Inc., dated May 31, 2000; and
3. Amended and Restated Master Alliance Agreement between Grantor and Andersen Consulting LLP, dated August 31, 2000.

FORM PTO-1619A
Expires [illegible]
OMB [illegible]

U.S. Department of Commerce
Patent and Trademark Office
PATENT

06-27-2001

6-7-01 RE(101762794 EET

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

☒ New
☐ Resubmission (Non-Recordation) Document ID# ☐
☐ Correction of PTO Error Reel # ☐ Frame # ☐
☐ Corrective Document Reel # ☐ Frame # ☐

Conveyance Type

☐ Assignment ☒ Security Agreement
☐ License ☐ Change of Name
☐ Merger ☐ Other ☐

U.S. Government
(For Use ONLY by U.S. Government Agencies)
☐ Departmental File ☐ Secret File

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Name (line 1): TRADEACCESS, INC.
Execution Date Month Day Year: 04032001
Name (line 2):
Second Party
Name (line 1):
Execution Date Month Day Year:
Name (line 2):

Receiving Party

☐ Mark if additional names of receiving parties attached

Name (line 1): CROSS ATLANTIC CAPITAL PARTNERS, INC.
Name (line 2):
Address (line 1): FIVE RADNOR CORPORATE CENTER, SUITE 555
Address (line 2): 100 MATSONFORD ROAD
Address (line 3): RADNOR PENNSYLVANIA 19087
City State/Country Zip Code

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address Enter for the first Receiving Party only.

Name:
Address (line 1):
Address (line 2):
Address (line 3):
Address (line 4):

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practices. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments , Washington, D.C. 20231

FORM PTO-1619B
Expires 06/30/99
OMB 0651-0027

Page 2

U.S. Department of Commerce
Patent and Trademark Office
PATENT

Correspondent Name and Address

Area Code and Telephone Number: 215-979-1000

Name: WILLIAM H. MURRAY, ESQUIRE

Address (line 1): DUANE, MORRIS & HECKSCHER LLP

Address (line 2): ONE LIBERTY PLACE

Address (line 3): PHILADELPHIA, PA 19103-7396

Address (line 4):

Pages

Enter the total number of pages of the attached conveyance document including any attachments. # 12

Application Number(s) or Patent Number(s)

☒ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)			Patent Number(s)		
09192729	09702062	09702063	6141653		
09192979	09702061	09702050			
09192848	09702065	09702010			

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor. Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT PCT PCT
PCT PCT PCT

Number of Properties

Enter the total number of properties involved. # 12

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): $ 480.00

Method of Payment: Enclosed ☒ Deposit Account ☐

Deposit Account
(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: # 04-1679

Authorization to charge additional fees: Yes ☒ No ☐

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Name of Person Signing	Signature	Date
ROBERT E. ROSENTHAL		06-18-2001

FORM PTO-1619C
[illegible]
[illegible]

RECORDATION FORM COVER SHEET
CONTINUATION
PATENTS ONLY

U.S. Department of Commerce
Patent and Trademark Office
PATENT

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Enter additional Conveying Parties

Name (line 1) TRADEACCESS, INC.
Execution Date Month Day Year 04032001

Name (line 2)

Name (line 1)
Execution Date Month Day Year

Name (line 2)

Name (line 1)
Execution Date Month Day Year

Name (line 2)

Receiving Party(ies)

☐ Mark if additional names of receiving parties attached

Enter additional Receiving Party(ies)

Name (line 1) CROSS ATLANTIC CAPITAL PARTNERS, INC.

Name (line 2)

Address (line 1) FIVE RADNOR CORPORATE CENTER, SUITE 555

Address (line 2) 100 MATSONFORD ROAD

Address (line 3) RADNOR (City) PENNSYLVANIA (State/Country) 19087 (Zip Code)

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 1)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3) (City) (State/Country) (Zip Code)

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Application Number(s) or Patent Number(s)

☐ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)			Patent Number(s)		
09702049					
09702128					

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "IP Agreement") is made as of the 3 day of April, 2001 by and between TradeAccess, Inc. ("Grantor"), and Cross Atlantic Capital Partners, Inc. ("CACP"), as agent for Cross Atlantic Technology Fund, LP. ("XATF"), The Co-Investment 2000 Fund, L.P. ("Cl 2000"), and 3i Technology Partners L.P. ("3i) (CACP in its capacity as such agent is referred to herein as the "Agent") as provided in a certain Senior Secured Convertible Promissory Note Purchase Agreement (the "Note Purchase Agreement") of even date by and among the Grantor, XATF, CI 2000, 3i, and the Agent.

RECITALS

A. XATF, CI 2000, and 3i (collectively, the "Investors") will make credit extensions to Grantor as described in the Note Purchase Agreement, but only if Grantor grants Agent a security interest in its Copyrights, Trademarks, and Patents, (each as hereinafter defined). Capitalized terms used but not defined herein shall have the same meanings as in the Note Purchase Agreement.

B. The authorization, rights, duties, and obligations of the Agent as collateral agent for the Investors under this IP Agreement are set forth in, and subject to, the terms and conditions of Section 4 of that certain Intercreditor and Subordination Agreement of even date herewith (as the same may be amended and in effect from time to time) by and among the Grantor, the Investors, Silicon Valley Bank, and the Agent and in accordance with Section 8 of the Note Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and intending to be legally bound, as collateral security for the prompt and complete payment when due of Grantor's obligations under this IP Agreement, the Note Purchase Agreement and the Notes issued or to be issued thereunder (collectively, the "Secured Obligations"), Grantor hereby represents, warrants, covenants and agrees as follows:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Grantors Secured Obligations. Grantor hereby grants to Agent, for benefit and on behalf of Investors, a first priority (except as to liens and security interests granted to Silicon Valley Bank pursuant to an Intellectual Property Security Agreement executed on or about the date hereof) security interest in all of Grantor's right, title and interest throughout the world in, to and under the following (all of which shall collectively be called the "Intellectual Property Collateral"):

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design patents, design patent applications, design registrations, design registration applications, and design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(d) All inventions, rights to apply for patents, patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, reexaminations, extensions and continuations-in-part of the same and rights of priority related thereto now existing anywhere in the world or hereafter acquired or held, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(e) Any trademarks, servicemarks, tradenames, domain names, corporate names, logos and designs, whether registered or not, applications to register and registrations of the same and like protections now existing anywhere in the world or hereafter adopted or acquired, and the entire goodwill of the business of Grantor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks"), but excluding any U.S. Federal trademark or service mark registration application filed under 15 U.S.C. Section 1051(b) until such time as the filing in such application of an amendment under 15 U.S.C. Section 1051(c) to bring the application into conformity with 15 U.S.C. Section 1051(a) or the filing of a verified statement of use under 15 U.S.C. Section 1051(d);

(f) All rights pursuant to that letter agreement by and between Grantor and Jeffrey M. Conklin dated October 5, 2000 and the promissory note In principal amount of $50,000 of even date therewith, relating to the payment of certain legal fees and expenses in connection with the action *Jeffrey At Conklin, Individually and Derivatively on Behalf of CPInternational, Inc. v. Beth Perdue v. TradeAccess, et al.*, Suffolk Superior Court Docket No. 99-0335A ;

(g) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(h) All licenses or other rights to use any of the Copyrights, Patents, or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(i) All amendments, extensions and renewals of any of the Copyrights, Trademarks, or Patents; and

(j) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

Notwithstanding anything to the contrary herein contained, the Intellectual Property Collateral shall not include any license or other contract which by its terms prohibits the Grantor from granting a security interest therein.

2. Authorization and Request. Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks, and their counterparts in countries other than the United States, record this IP Agreement.

3. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows (except to the extent that anything in the Note Purchase Agreement, including any schedules thereto, is to the contrary of any such representation or warranty):

(a) Grantor is the sole owner of the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor to its customers in the ordinary course of business.

(b) Performance of this IP Agreement does not conflict with or result in a breach of any agreement to which Grantor is bound.

(c) During the term of this IP Agreement, Grantor will not, and will not attempt to, assign, transfer. license, mortgage, grant any security interest or Gen in, or otherwise encumber any interest in the Intellectual Property Collateral, except for (1) exclusive and nonexdusive licenses each of which is made to be taken subject to the obligations set forth in this Agreement granted by Grantor in the ordinary course of business or as set forth in this IP Agreement and (2) liens and security interests granted to Silicon Valley Bank pursuant to an Intellectual Property Security Agreement executed on or about the date hereof.

(d) To its best knowledge, each of the Patents, Trademarks and Copyrights is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that (1) any part of the Intellectual Property Collateral violates the rights of any third party, (2) any part of the Intellectual Property Collateral is invalid or unenforceable, or (3) any third party has any interest in or license (except for non-exclusive licenses granted by Grantor In the ordinary course of business) under any part of the Intellectual Property Collateral.

(e) Grantor shall promptly advise Agent of any material adverse change in the composition of the Intellectual Property Collateral, including but not limited to any subsequent ownership right of the Grantor in or to any Trademark, Patent, Copyright, or Mask Work specified in this IP Agreement.

(f) Grantor shall (I) use commercially reasonable efforts to protect, defend, preserve and maintain the validity and enforceability of the Trademarks, Patents, and Copyrights, (ii) use its best efforts to detect infringements of the Trademarks, Patents, and Copyrights, and promptly advise Agent in wilting of material infringements detected and discuss potential actions with Agent accordingly and (iii) not allow any Trademarks, Patents, or Copyrights to be abandoned, forfeited, expired, cancelled or dedicated to the public without the written consent of Agent, which shall not be unreasonably withheld, unless Grantor determines that reasonable business practices suggest that abandonment is appropriate, in which event Grantor shall advise Agent of such determination in writing no less than thirty (30) days prior to the last day to take action to avoid abandonment, forfeiture, expiration, cancellation or dedication to the public, or, if less than thirty (30) days is available between the date of receipt by Grantor of notification from a court or agency of an unfavorable decision with respect to a Trademark, Patent, or Copyright and such last day to take action, promptly upon receipt of such notification.

(g) Unless Grantor determines that reasonable business practices suggest that such action is not in the Grantor's best interests taking into account all circumstances as they may exist from time to time, Grantor shall promptly register the most recent version of any of Grantor's Copyrights, if not so already registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Agent may reasonably request from time to time to perfect or continue the perfection of Agent's interest in the Intellectual Property Collateral.

(h) This IP Agreement creates, and in the case of after acquired Intellectual discretions under any other agreement or transaction are cumulative and not alternative or exclusive, and may be exercised by the Agent at such time or times and in such order of

* * *

5. Inspection Rights. Grantor hereby grants to Agent and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable notice to Grantor, any of Grantor's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the intellectual Property Collateral, and to Inspect the products and quality control records relating thereto upon reasonable written notice to Grantor and as often as may be reasonably requested, but not more than one (1) in every six (6) months; provided, however, nothing herein shall entitle Agent access to Grantor's trade secrets and other proprietary information. The foregoing shall not affect the rights (if any) that any of the Investors Independently may have with respect to Grantor's trade secrets and other proprietary information.

6. Further Assurances: Attorney in Fact.

(a) On a continuing basis, Grantor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver; and file and record in the proper filing and recording places in the United States (and such other countries as Grantor and Agent shall agree are appropriate), all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Agent, to perfect Agent's security interest in all Copyrights, Patents, and Trademarks, and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Agent the grant or perfection of a security interest in all Intellectual Property Collateral.

(b) Grantor hereby irrevocably appoints Agent as Grantor's attorney-in-fact, with 'full authority in the place and stead of Grantor and in the name of Grantor, Agent or otherwise, from time to time in Agent's reasonable discretion, upon Grantor's failure or inability to do so within 10 days after written notice from the Agent, to take any action and to execute any Instrument which Agent reasonably may deem necessary or advisable to accomplish the purposes of this IP Agreement. (provided that Grantor shall not have such 10-day cure period with respect to matters arising under Section 4 hereof):

(i) To modify, in its reasonable discretion, this IP Agreement by amending Exhibit A, Exhibit B, Exhibit C, and Exhibit D hereof, as appropriate, to include reference to any right, title or interest in any.

Copyrights, Patents, or Trademarks acquired by Grantor after the execution hereof or to delete any reference to any right. title or interest In any Copyrights, Patents, or Trademarks, in which Grantor no longer has or claims any right, title or Interest; and

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of Grantor where permitted by law.

7. Events of Default. The occurrence of any Event of Default under the Notes shall constitute an Event of Default under this IP Agreement.

8. Remedies. (a) Upon the occurrence and continuance of an Event of Default, Agent shall have the right to exercise all the remedies of a secured party upon such default under the Massachusetts Uniform Commercial Code (the "UCC") (or other applicable Federal or other law), in addition to which, Agent shall have the following rights and remedies: (i) to take required by law, regulation, rule or order, subpoena judicial order or similar order, provided that the Agent shall promptly give notice to the Grantor of any subpoena or other order compelling disclosure so that the Grantor may seek a protective order.

IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement on the day and year first above written.

Address of Grantor:

GRANTOR:

TRADEACCESS, INC.
By: /s/ Jeff Conklin
Name: Jeff Conklin
Title: CEO

AGENT:

Cross Atlantic Capital Partners, Inc., as Agent for 3i Technology Partners L.P., Cross Atlantic Technology Fund, L.P. and The Co-Investment 2000 Fund, L.P.

By: /s/ Glenn T. Rieger
Name: Glenn T. Rieger
Title: President

Exhibit "A" attached to that certain Intellectual Property Security Agreement dated April __, 2001

EXHIBIT "A"

COPYRIGHTS

SCHEDULE A - ISSUED COPYRIGHTS

COPYRIGHT DESCRIPTION	REGISTRATION NUMBER	DATE OF ISSUANCE

NONE

SCHEDULE B -PENDING COPYRIGHT APPLICATIONS

COPYRIGHT DESCRIPTION	APPLICATION NUMBER	DATE OF FILING	CREATION	FIRST DATE OF PUBLIC DISTRIBUTION

NONE

SCHEDULE C - UNREGISTERED COPYRIGHTS
(Where No Copyright Application is Pending

Copyright Description	Date Of Creation	First Date Of Distribution	Date And Recordation Number Of IP Agreement With Owner Or Original Grantor If Author Or Owner Of Copyright Is Different From Grantor	Original Author Or Owner Of Copyright Is Different From Grantor
The Dynamic Agreement	v1-(6/21/00)	v1 - (6/21/00)	N/A	N/A
eProcurement Application	v2 - (10/03/00)	v2 - (10/03/00)	N/A	N/A
The Dynamic Agreement	v1 - (6/21/00)	v1 - (6/21/00)	N/A	N/A
Negotiation Engine	v2 - (10/03/00)	v2 - (10/03/00)	N/A	N/A

Property Collateral, this IP Agreement will create at the time Grantor first has rights in such after acquired Intellectual Property Collateral, in favor of Agent a valid and perfected first priority (except as to liens and security interests granted to Silicon Valley Bank pursuant to an Intellectual Property Security Agreement executed on or about the date hereof) security interest In the Intellectual Property Collateral In the United States securing the payment and performance of the Secured Obligations upon making the filings referred to In clause (I) below.

(i) To its best knowledge, except for, and upon, the filing with the United States Patent and

Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights necessary to perfect the security interests created hereunder and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority of U.S. regulatory body is required either (i) for the grant by Grantor of the security interest granted hereby or for the execution, delivery or performance of this IP Agreement by Grantor in the U.S. or (ii) for the perfection in the United States or the exercise by Agent of its rights and remedies thereunder.

(j) All information heretofore, herein or hereafter supplied to Agent by or on behalf of Grantor with respect to the Intellectual Property Collateral is accurate and complete in all material respects.

(k) Grantor shall not enter into or attempt to enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Agent's prior written consent, which consent shall not be unreasonably withheld. Grantor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Grantor's rights and interest in any property included within the definition of the Intellectual Property Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in effect prohibit the creation of a security interest in such contracts.

(l) Upon any executive officer of Grantor obtaining actual knowledge thereof, Grantor will promptly notify Agent in writing of any event that materially adversely affects the value of any material Intellectual Property Collateral, the ability of Grantor to dispose of any material Intellectual Property Collateral or the rights and remedies of Agent in relation thereto, including the levy of any legal process against any of the Intellectual Property Collateral.

(m) Grantor, Agent, and a source code escrow agent acceptable to both shall, as soon as possible after entering into this IP Agreement, enter into a Preferred Escrow Agreement in a mutually acceptable form, and Grantor shall maintain, at Grantor's expense, throughout the term of this IP Agreement, a source code escrow in accordance with that agreement or such successor source code escrow agreement as may be agreed by the parties.

4. Agent's Rights; No Duty of Agent. Agent shall have the right, but not the obligation, to take at any time in its commercially reasonable discretion, at Grantor's sole expense, any actions that Grantor is required under this IP Agreement to take but which Grantor fails to take, including any action necessary following notice to Agent under Section 3(f)(iii) hereof to avoid abandonment, forfeiture, expiration, cancellation, or dedication to the public. Grantor shalt reimburse and indemnify Agent for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4, which reasonable costs and reasonable expenses constitute Secured Obligations. Except as otherwise set forth herein, Agent shall not have as a result of this IP Agreement or otherwise, any duty, to Grantor or any third party, of any description to assist or participate in the obtaining, registration, maintenance,

renewal, protection and/or enforcement of the Intellectual Property Collateral.

* * *

required by law, regulation, rule or order, subpoena Judicial order or similar order, provided that the Agent shall promptly give notice to the Grantor of any subpoena or other order compelling disclosure so that the Grantor may seek a protective order.

IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement on the day and year first above written.

Address of Grantor: GRANTOR:

TRADEACCESS, INC.
By: /s/ Jeff Conklin
Name: Jeff Conklin
Title: CEO

AGENT:

Cross Atlantic Capital
Partners, Inc., as Agent for 3i
Technology Partners L.P.,
Cross Atlantic Technology
Fund, L.P. and The Co-Investment 2000 Fund, L.P.

By: /s/ Glenn T. Rieger
Name: Glenn T. Rieger
Title: President

Exhibit "B" attached to that certain Intellectual Property Security Agreement dated April __, 2001

EXHIBIT "B"

PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing/ Issue Date	Status
System for Iterative, Multivariate Negotiations over a Network	ET-98-001	USA	6,141,653	10/31/00	Issued
International Transaction Processing System	ET98-003	USA	09/192,729	11/16/98	Pending
Electronic Non-Repudiation System and Method	ET98-006	USA	09/192,979	11/16/98	Pending
System and Method for Ordering Sample Quantities over a Network	ET98-007	USA	09/192,848	11/16/98	Pending
System for Iterative, Multivariate Negotiations over a Network	ET98-001 PCT	USA	PCT/US99/271 51	11/16/99	Pending
Iterative Bargaining System	ET98-002PCT	USA	PCT/US99/272 24	11/16/99	Pending
International Transaction Processing Center	ET98-003PCT	USA	PCT/US99/272 21	11/16/99	Pending
Integrated RemoteWeb Authoring System	ET98-004PCT	USA	PCT/US99/272 19	11/16/99	Pending
Sponsored Community System and Method	ET98-005PCT	USA	PCT/US99/271 86	11/16/99	Pending
Electronic Non-Repudiation System and Method	ET98-006PCT	USA	PCT/US99/271 83	11/16/99	Pending
System and Method for an Automated System of Record	ET00-001CIP	USA	09/702,062	10/30/00	Pending
System and Method for Higher Level Security and Validation	ET00-002CIP	USA	09/702,061	10/30/00	Pending

System and Method for Multiple Repositories	ET00-003CIP	USA	09/702,065	10/30/00	Pending
System and Method for Dynamic Contracts	ET00-004CIP	USA	09/702,063	10/30/00	Pending
System and Method for Contract Authority	ET00-005CIP	USA	09/702,050	10/30/00	Pending
System and Method for Active Templates	ET00-006CIP	USA	09/702,010	10/30/00	Pending
System and Method for Automated, Iterative, Development Negotiations	ET00-007CIP	USA	09/702,049	10/30/00	Pending
System and Method for Process Mining	ET00-008CIP	USA	09/702,128	10/30/00	Pending

Exhibit "C" attached to that certain Intellectual Property Security Agreement dated April __, 2001

EXHIBIT "C"

TRADEMARKS

TRADEMARK DESCRIPTION	COUNTRY	SERIAL NO.	REG. NO.	STATUS REGISTERED
TRADE ACCESS	US	75/182,907	2,327,514	3-14-2000

Exhibit "D" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "D"

LICENSES

1. Strategic Technology Partner Software Agreement between Grantor and Procurepoint.com dated December 22, 1999;
2. Software License and Sublicense Agreement between Grantor and World Commerce Online, Inc., dated May 31, 2000; and
3. Amended and Restated Master Alliance Agreement between Grantor and Andersen Consulting LLP, dated August 31, 2000.

APPENDIX H

[Logo] UNITED STATES
PATENT AND
TRADEMARK OFFICE

JULY 01, 2003

PTAS

Under Secretary of Commerce
For Intellectual Property and
Director of the United States
Patent and Trademark Office
Washington, DC 20231
www.uspto.gov

KLETT ROONEY LIEBER &
SCHORLING, PC
MARY M. MCATEER
1000 WEST STREET
SUITE 1410
WILMINGTON, DE 19801

[Bar Code]
102370022A

UNITED STATES PATENT AND TRADEMARK OFFICE NOTICE OF RECORDATION OF ASSIGNMENT DOCUMENT

THE ENCLOSED DOCUMENT HAS BEEN RECORDED BY THE ASSIGNMENT DIVISION OF THE U.S. PATENT AND TRADEMARK OFFICE. A COMPLETE MICROFILM COPY IS AVAILABLE AT THE ASSIGNMENT SEARCH ROOM ON THE REEL AND FRAME NUMBER REFERENCED BELOW.

PLEASE REVIEW ALL INFORMATION CONTAINED ON THIS NOTICE. THE INFORMATION CONTAINED ON THIS RECORDATION NOTICE REFLECTS THE DATA PRESENT IN THE PATENT AND TRADEMARK ASSIGNMENT SYSTEM. IF YOU SHOULD FIND ANY ERRORS OR HAVE

QUESTIONS CONCERNING THIS NOTICE, YOU MAY CONTACT THE EMPLOYEE WHOSE NAME APPEARS ON THIS NOTICE AT 703-308-9723. PLEASE SEND REQUEST FOR CORRECTION TO: U.S. PATENT AND TRADEMARK OFFICE, ASSIGNMENT DIVISION, BOX ASSIGNMENTS, CG-4, 1213 JEFFERSON DAVIS HWY, SUITE 320, WASHINGTON, D.C. 20231.

RECORDATION DATE: 02/14/2003	REEL/FRAME: 013758/0788 NUMBER OF PAGES: 9

BRIEF: ASSIGNMENT OF ASSIGNOR'S INTEREST (SEE DOCUMENT FOR DETAILS).

ASSIGNOR: TRADEACCESS, INC	DOC DATE: 02/14/2003

ASSIGNEE:
CROSS ATLANTIC CAPITAL PARTNERS, INC.
5 RADNOR CORPORATE CENTER,
STE. 555
RADNOR, PENNSYLVANIA 19087

SERIAL NUMBER: 09192729	FILING DATE: 11/16/1998
PATENT NUMBER: 6338050	ISSUE DATE: 01/08/2002
SERIAL NUMBER: 09192979	FILING DATE: 11/16/1998
PATENT NUMBER: 6336105	ISSUE DATE: 01/01/2002

SERIAL NUMBER:	FILING DATE:
09192848	11/16/1998
PATENT NUMBER:	ISSUE DATE:
6332135	12/18/2001
SERIAL NUMBER:	FILING DATE:
09702062	10/30/2000
PATENT NUMBER	ISSUE DATE:
SERIAL NUMBER:	FILING DATE:
09702061	10/30/2000
PATENT NUMBER	ISSUE DATE:
SERIAL NUMBER:	FILING DATE:
09702065	10/30/2000
PATENT NUMBER:	ISSUE DATE:
SERIAL NUMBER:	FILING DATE:
09702063	10/30/2000
PATENT NUMBER:	ISSUE DATE:
SERIAL NUMBER:	FILING DATE:
09702050	10/30/2000
PATENT NUMBER:	ISSUE DATE:
SERIAL NUMBER:	FILING DATE:
09702010	10/30/2000
PATENT NUMBER:	ISSUE DATE:
SERIAL NUMBER:	FILING DATE:
09702049	10/30/2000
PATENT NUMBER:	ISSUE DATE:
SERIAL NUMBER:	FILING DATE:
09702128	10/30/2000
PATENT NUMBER:	ISSUE DATE:
SERIAL NUMBER:	FILING DATE:
09192735	11/16/1998
PATENT NUMBER:	ISSUE DATE:
6141653	10/31/2000

SERIAL NUMBER: FILING DATE:
PATENT NUMBER: ISSUE DATE:
PCT NUMBER:
US9927151

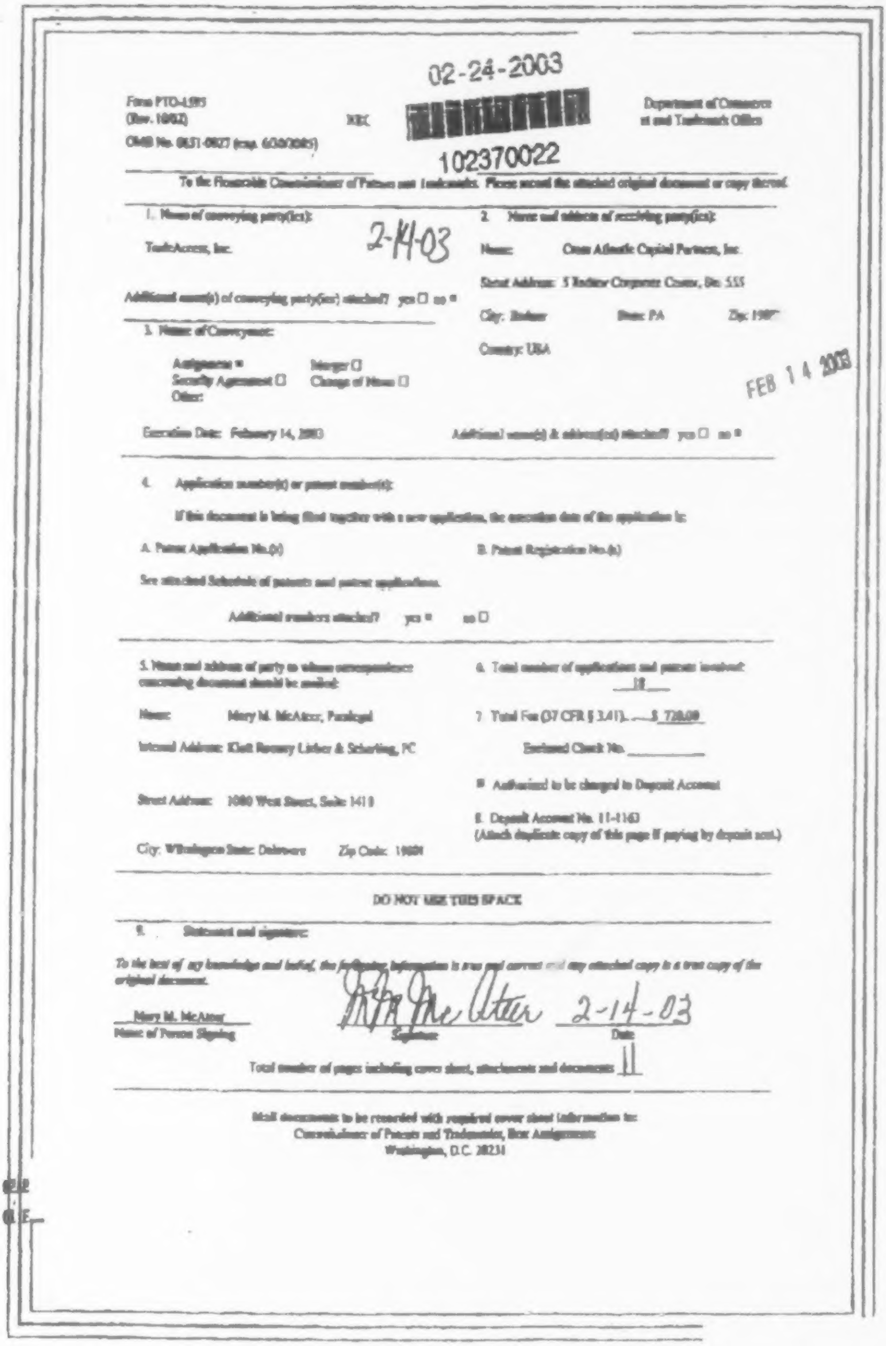
SERIAL NUMBER: FILING DATE:
PATENT NUMBER: ISSUE DATE:
PCT NUMBER:
US9927224

SERIAL NUMBER: FILING DATE:
PATENT NUMBER: ISSUE DATE:
PCT NUMBER:
US9927221

SERIAL NUMBER: FILING DATE:
PATENT NUMBER: ISSUE DATE:
PCT NUMBER:
US9927219

SERIAL NUMBER: FILING DATE:
PATENT NUMBER: ISSUE DATE:
PCT NUMBER:
US9927186

SERIAL NUMBER: FILING DATE:
PATENT NUMBER: ISSUE DATE:
PCT NUMBER:
US9927183



02-24-2003

Form PTO-1595
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)

RE

102370022

Department of Commerce
nt and Trademark Office

To the Honorable Commissioner of Patents and Trademarks. Please record the attached original document or copy thereof.

1. Name of conveying party(ies):

2-14-03

TradeAccess, Inc.

Additional name(s) of conveying party(ies) attached? yes ☐ no ☒

2. Name and address of receiving party(ies):

Name: Cross Atlantic Capital Partners, Inc.

Street Address: 5 Radnor Corporate Center, Ste. 555

City: Radnor State: PA Zip: 190

Country: USA

3. Nature of Conveyance:

Assignment ☒ Merger ☐
Security Agreement ☐ Change of Name ☐
Other:

FEB 14 2003

Execution Date: February 14, 2003

Additional name(s) & address(es) attached? yes ☐ no ☒

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s)

B. Patent Registration No.(s)

See attached Schedule of patents and patent applications.

Additional numbers attached? yes ☒ no ☐

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Mary M. McAteer, Paralegal

Internal Address: Klett Rooney Lieber & Schorling, PC

Street Address: 1000 West Street, Suite 1410

City: Wilmington State: Delaware Zip Code: 19801

6. Total number of applications and patents involved: 18

7. Total Fee (37 CFR § 3.41).....$ 720.00

Enclosed Check No. ________

☒ Authorized to be charged to Deposit Account

8. Deposit Account No. 11-1163
(Attach duplicate copy of this page if paying by deposit acct.)

DO NOT USE THIS SPACE

9. Statement and signature:

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Mary M. McAteer
Name of Person Signing

MM McAteer
Signature

2-14-03
Date

Total number of pages including cover sheet, attachments and documents: 11

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents and Trademarks, Box Assignments
Washington, D.C. 20231

PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing/ Issue Date	Status
System for Iterative, Multivariate Negotiations over a Network	ET-98-001	USA	6,141,653	10/31/00	Issued
International Transaction Processing System	ET98-003	USA	09/192,729	11/16/98	Pending
Electronic Non-Repudiation System and Method	ET98-006	USA	09/192,979	11/16/98	Pending
System and Method for Ordering Sample Quantities over a Network	ET98-007	USA	09/192,848	11/16/98	Pending
System for Iterative, Multivariate Negotiations over a Network	ET98-001 PCT	USA	PCT/US99/27151	11/16/99	Pending
Iterative Bargaining System	ET98-002PCT	USA	PCT/US99/27224	11/16/99	Pending
International Transaction Processing Center	ET98-003PCT	USA	PCT/US99/27221	11/16/99	Pending
Integrated RemoteWeb Authoring System	ET98-004PCT	USA	PCT/US99/27219	11/16/99	Pending
Sponsored Community System and Method	ET98-005PCT	USA	PCT/US99/27186	11/16/99	Pending
Electronic Non-Repudiation System and Method	ET98-006PCT	USA	PCT/US99/27183	11/16/99	Pending
System and Method for an Automated System of Record	ET00-001CIP	USA	09/702,062	10/30/00	Pending
System and Method for Higher Level Security and Validation	ET00-002CIP	USA	09/702,061	10/30/00	Pending
System and Method for Multiple Repositories	ET00-003CIP	USA	09/702,065	10/30/00	Pending
System and Method for Dynamic Contracts	ET00-004CIP	USA	09/702,063	10/30/00	Pending
System and Method for Contract Authority	ET00-005CIP	USA	09/702,050	10/30/00	Pending

System and Method for Active Templates	ET00-006CIP	USA	09/702,010	10/30/00	Pending
System and Method for Automated, Iterative, Development Negotiations	ET00-007CIP	USA	09/702,049	10/30/00	Pending
System and Method for Process Mining	ET00-008CIP	USA	09/702,128	10/30/00	Pending

NON-RECOURSE ASSIGNMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the sum of One Hundred Thirty-Five Thousand Three Hundred and Eighteen Dollars and 73/100 ($135,318.73), SILICON VALLEY BANK., a California-chartered bank, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at One Newton Executive Park, Suite 200, 2221 Washington Street, Newton, Massachusetts 02462(hereinafter, the "Assignor" hereby sells, assigns, and transfers WITHOUT RECOURSE to CROSS ATLANTIC TECHNOLOGY FUND, LP, ("XATF"), a Delaware limited partnership and THE CO-INVESTMENT 2000 FUND, L,P. ("CI-2000"), a Delaware limited partnership (collectively, hereinafter the "Assignee"), as tenants in common with a 2/3 undivided interest to XATF and 1/3 undivided interest to CI-2000, in accordance with the terms hereof, all right, title, and interest of the Assignor as owner and holder of a certain secured loan arrangement with OZRO, INC., f/k/a TRADEACCESS, INC., a Delaware corporation (hereinafter, the "Borrower"), and all rights, remedies, powers, and discretions of the Assignor thereunder, as if the Assignor had specifically and separately assigned to the Assignee each of the loan documents, including all collateral documents described on Exhibit "A" annexed hereto (which documents, together with any and all exhibits, schedules, supplements, instruments; documents and agreements executed by the Borrower and the Assignor in connection with the foregoing, and any and all extensions, renewals, amendments, substitutions and replacements thereto and thereof, shall be referred to collectively as the "Assigned Documents").

1. Assignor's Representations and Warranties. The Assignor warrants and represents solely the following:

   a. The sum of One Hundred Thirty-Five Thousand Three Hundred and Eighteen Dollars and 73/100 ($135,318.73) is outstanding under the Assigned Documents as of December 18, 2002.

   b. No further payments of principal or interest will be received by the Assignor. If any such payment is hereafter received by the Assignor, it will be delivered to the Assignee.

   c. The Assignor has not previously assigned, encumbered, conveyed, or otherwise transferred any interest in the Assigned Documents to any person or entity. The Assignor has not released any collateral securing any obligations of Borrower under the Assigned Documents.

   d. The execution by the Assignor of this Non-Recourse Assignment and the performance by the Assignor of the Assignor's obligations hereunder respectively have been duly authorized by all requisite corporate action, Neither such execution nor such performance will violate any order of any court or governmental agency or any agreement by which the Assignor is bound.

2. Exclusion of Assignor's Warranties and Representations. Except as specifically provided above, this Non-Recourse Assignment is made by the Assignor without any representations or warranties whatsoever, whether expressed, implied, or imposed by law, Without limiting the generality of the foregoing total exclusion of representations

and warranties, this Non-Recourse Assignment is made:

a. Without any representations or warranties with respect to the genuineness of any signature other than those made by or on behalf of the Assignor.

b. Without any representations or warranties with respect to the collectibility of any amount owed to the Assignor by the Borrower.

c. Without any representations as to the financial condition of the Borrower.

d. Without any representations or warranties with respect to the existence, value, or condition of any collateral (if any) granted to secure the amounts owed under the Assigned Documents.

e. Without any of the representations or warranties described in Article 3 and Article 9 of the Uniform Commercial Code as adopted by the Commonwealth of Massachusetts (presently, Mass. General Laws Ch. 106), as may be amended and in effect from time to time.

f. Without any representations or warranties with respect to the legality, validity, sufficiency, or enforceability of any of the Assigned Documents.

g. Without any representations or warranties with respect to the validity, enforceability, attachment, priority, or perfection of any security interest, attachment, relief, or encumbrance, included in the Assigned Documents, or the compliance with applicable law of any proceedings commenced or followed by the

Assignor with respect to the Assignor's loan arrangement with the Borrower.

3. Assignee's Acknowledgment. The Assignee acknowledges the foregoing exclusion of representations and warranties and further acknowledges and agrees that except as provided in Paragraph 1, above, the Assignor has not made any representations or warranties whatsoever.

4. Representations by Assignee. The Assignee represents the following:

   a. The Assignee has determined to purchase this Non-Recourse Assignment and the Assigned Documents following the Assignee's own independent review and inspection of whatever matters the Assignee deemed necessary or appropriate, and not in reliance upon any information provided by the Assignor.

   b. The Assignee has made its own independent investigation and evaluation as to the facts and circumstances relating to this Non-Recourse Assignment.

   c. The Assignee has entered into this transaction after consultation with independent counsel of the Assignee's own selection and with the sole exception of the representations and warranties specifically made in Paragraph 1, above, is not relying upon any representation or warranty of the Assignor in consummating this transaction,

   d. The execution by the Assignee of this Non-Recourse Assignment and the performance by the Assignee of the Assignee's obligations hereunder respectively have been duly authorized by all requisite action. Neither such execution nor such performance will violate any order of any court or governmental agency or any agreement by which the Assignee is bound.

5. Delivery of Assigned Documents. Simultaneously with the Assignor's receipt of the payment by the Assignee described above, the Assignor shall deliver the following to the Assignee:

   a. All of the original Assigned Documents; and

   b. An assignment of each financing statement of record duly executed on behalf of the Assignor.

6. Miscellaneous.

   a. This Non-Recourse Assignment constitutes the entire agreement between the Assignor and the Assignee with respect to the subject matter herein, shall be construed in accordance with the internal law of The Commonwealth of Massachusetts without regard to any conflicts of laws or principals, and is intended to take effect as a sealed instrument.

   b. The Assignor and the Assignee agree that any legal action, proceeding, case, or controversy with respect to this Non-Recourse Assignment or any Loan Document may be brought in the Superior Court of Suffolk County Massachusetts or in the United States District Court, District of Massachusetts, sitting in Boston, Massachusetts, By execution and delivery of this Non-Recourse Assignment, the Assignee and the Assignor, for themselves and in respect of their property, accept, submit, and consent generally and unconditionally, to the jurisdiction of the aforesaid courts.

i. The Assignor and the Assignee WAIVE personal service of any and all process upon either of them, and irrevocably consent to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, to either of them at their address set forth above, such service to become effective five (5) business days after such mailing.

ii. The Assignor and the Assignee WAIVE any objection based on forum non conveniens and any objection to venue of any action or proceeding instituted under this Non-Recourse Assignment or any of the Assigned Documents and consent to the granting of such legal or equitable remedy as is deemed appropriate by the Court.

iii. Nothing herein shall affect the right of the Assignor to bring legal actions or proceedings in any other competent jurisdiction.

iv. EACH OF THE ASSIGNEE AND THE ASSIGNOR MAKES THE FOLLOWING WAIVER KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY, AND UNDERSTANDS THAT THE ASSIGNOR AND THE ASSIGNEE, AS APPLICABLE, IN ENTERING INTO THE WITHIN AGREEMENT IS RELYING THEREON. EACH OF THE ASSIGNEE OR THE ASSIGNOR, IF AND TO THE EXTENT OTHERWISE ENTITLED THERETO, HEREBY IRRE-

VOCABLY WAIVES ANY PRESENT OR FUTURE RIGHT OF THE ASSIGNEE OR ASSIGNOR TO A JURY IN ANY TRIAL OF ANY CASE OR CONTROVERSY IN WHICH THE ASSIGNOR OR ASSIGNEE JS OR BECOMES A PARTY (WHETHER SUCH CASE OR CONTROVERSY IS INITIATED BY OR AGAINST THE ASSIGNOR OR THE ASSIGNEE OR IN WHICH THE ASSIGNOR OR THE ASSIGNEE IS JOINED AS A PARTY LITIGANT), WHICH CASE OR CONTROVERSY ARISES OUT OF, OR IS IN RESPECT OF, THE AGREEMENT SET FORTH HEREIN, OR ANY RELATIONSHIP BETWEEN NO ASSIGNEE OR THE ASSIGNOR, WHETHER ALONE OR WITH OTHERS, AND THE ASSIGNOR OR THE ASSIGNEE RELATIVE TO THE LOAN, THE WITHIN ASSIGNMENT, OR OTHERWISE

c. The Assignee shall indemnify, defend, and hold the Assignor and any employee, officer, or agent of the Assignor (each, an "Indemnified Person") harmless of and from any claim brought or threatened against any Indemnified Person by the Borrower, any guarantor or endorser of the Borrower's obligations, or any other person (as well as from attorneys' reasonable fees and expenses in connection therewith arising out of this Non-Recourse Assignment, with respect to facts or circumstances which occur after the execution and delivery of this Non-Recourse Assignment, (each of which may be defended, compromised, settled, or pursued by the Indemnified Person with counsel of the

Assignor's selection, but at the expense of the Assignee), The indemnification shall include, without limitation, any and all losses, damages, claims, suits, proceedings, liabilities, costs and expenses which may be imposed on, sustained, incurred, suffered by, or asserted against any such Indemnified Person, directly or indirectly, as a result or related to or arising out of (i) the breach of any representation, warranty, covenant, or agreement of the Assignee contained in this Non- Recourse Assignment, or (ii) any act or omission of Assignee, its agents or employees, in connection with any of the Assigned Documents after the date hereof.

7. Successors and Assigns. This Non-Recourse Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8. Further Assurances. The Assignor and the Assignee each agree that in the event any further action is necessary or desirable to carry out the purposes of the Non-Recourse Assignment after the date hereof, each of them will take such further action (including the execution and delivery of such further instruments and documents) as either party may request, all at the sole cost and expense of the requesting party.

Executed as an instrument under seal this 18th day of December, 2002.

SILICON VALLEY BANK

By:______________
Name:_____________
Title:______________

Acknowledged, agreed, and accepted
on the terms and conditions set forth herein:

CROSS ATLANTIC TECHNOLOGY
FUND, L.P.

By: XATF MANAGEMENT, L.P,, its
General Partner

By: Cross Atlantic Capital Partners, Inc.,
its General Partner

By: /s/ Glenn T. Rieger
Name: Glenn T. Rieger
Title: President

THE CO-INVESTMENT FUND 2000, L,P,

By: CO-INVEST MANAGEMENT 2000 FUND,
its General Partner

By: Co-Invest Capital Partners, Inc., its
General Partner

By: /s/ Richard M. Fox
Name: Richard M. Fox
Title: Executive Vice President

Executed as an instrument under seal this 18th day of December, 2002.

SILICON VALLEY BANK

By: /s/ Lauren M. Scott
Name: Lauren M. Scott
Title: Vice President

Acknowledged, agreed, and accepted
on the terms and conditions set forth herein:

CROSS ATLANTIC TECHNOLOGY
FUND, L.P.

By: XATF MANAGEMENT, L.P,, its
General Partner

By: Cross Atlantic Capital Partners, Inc.,
its General Partner

By: ___________
Name: _________
Title: __________

THE CO-INVESTMENT FUND 2000, L,P,

By: CO-INVEST MANAGEMENT 2000 FUND,
its General Partner

By: Co-Invest Capital Partners, Inc., its
General Partner

By: ___________
Name: _________
Title: __________

The Undersigned hereby consents to the matters described herein

OZRO, INC., f/k/a TRADEACCESS, INC.

By: /s/ R. Barry Borden
Name: __________
Title: Chairman

EXHIBIT A

The "Assigned Documents" shall consist of solely of the following (together with any and all exhibits, schedules, supplements, instruments, documents and agreements executed by the Borrower and the Assignor in connection with the foregoing, and any and all extensions, renewals, amendments, substitutions and replacements thereto and thereof):

1. Loan and Security Agreement dated December 10, 1999;
2. Negative Pledge Agreement dated December 10, 1999;
3. Intellectual Property Security Agreement dated April 2, 2001;
4. Intercreditor and Subordination Agreement by and among Assignor, Cross Atlantic Technology Fund, L.P., the Co-Investment 2000 Fund, L,P., 3i Technology Partners, L.P., and Cross Atlantic Capital Partners, Inc. as agent, dated April 3, 2001;
5. Stock Pledge Agreement dated January 22, 2002;
6. Letter Agreement by and among Assignor, Cross Atlantic Capital Partners, Inc,, for itself and as agent for Cross Atlantic Technology Fund, L.P., and The Co-Investment 2000 Fund, L.P., and Assignee dated February 14, 2002.
7. Control Agreement by and among, Assignor, Assignee, Cross Atlantic Capital Partners, Inc., as pledgee and agent for Cross Atlantic Technology Fund, L.P., and the Co-Investment 2000 Fund, L.P., and Janney Montgomery Scott, LLC, dated March __, 2002.

8. Control Agreement by and among, Assignor, Assignee, Cross Atlantic Capital Partners, Inc., for itself and as agent for Cross Atlantic Technology Fund, L.P., and The Co-Investment 2000 Fund, L.P.
9. Financing Statements, including any notice or assignment documents filed with the U.S. Patent & Trademark Office or any other federal or state agency, commission or authority.

APPENDIX I

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

February 18, 2003

To: Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054
Attention: Michelle D. Giannini

From: Cross Atlantic Capital Partners, Inc., as agent for Cross Atlantic Technology Fund, L.P. and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

We will sell the property set forth on the Addendum to this Notification to the highest qualified bidder in public as follows:

Day and Date:	Friday, March 14, 2003
Time:	11:00 a.m. EST
Place:	In the offices of Klett Rooney Lieber & Schorling Two Logan Square, 12th Floor Philadelphia, PA 19103

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell for a charge of $250.00. You may request an accounting by contacting the following:

Brian Adamsky, Chief Financial Officer
Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital
Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL
(NON-CONSUMER TRANSACTION)

February 18, 2003

To: 3i Technology Partners, L.P.
890 Waltham Street, Suite 160
Waltham, MA 02451
Attention: Marko Maschek

From: Cross Atlantic Capital Partners, Inc., as agent for Cross Atlantic Technology Fund, L.P. and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
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Bala Cynwyd, PA 19004

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Brian Adamsky, Chief Financial Officer
Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL
(NON-CONSUMER TRANSACTION)

February 18, 2003

To: Leasetec Systems Credit
75 Second Avenue, Suite 200
Needham Heights, MA 02494

From: Cross Atlantic Capital Partners, Inc., as agent
for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

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100 Matsonford Road
Radnor, PA 19087
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William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL
(NON-CONSUMER TRANSACTION)

February 18, 2003

To: Newcourt Leasing Corporation
550 Cochituate Road
Framingham, MA 01701

From: Cross Atlantic Capital Partners, Inc., as agent
for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

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Time:	11:00 a.m. EST
Place:	In the offices of Klett Rooney Lieber & Schorling Two Logan Square, 12th Floor Philadelphia, PA 19103

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell for a charge of $250.00. You may request an accounting by contacting the following:

Brian Adamsky, Chief Financial Officer
Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

February 18, 2003

To: Ozro, Inc. f/k/a Trade Acess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004
Attention: Barry Borden

From: Cross Atlantic Capital Partners, Inc., as agent for Cross Atlantic Technology Fund, L.P. and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

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Philadelphia, PA 19103

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Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

February 18, 2003

To: Jeffrey M. Conklin
41 Rutland Square
Boston, MA 02118

From: Cross Atlantic Capital Partners, Inc., as agent
for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

We will sell the property set forth on the Addendum to this Notification to the highest qualified bidder in public as follows:

Day and Date: Friday, March 14, 2003
Time: 11:00 a.m. EST
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Klett Rooney Lieber & Schorling
Two Logan Square, 12th Floor
Philadelphia, PA 19103

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Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

February 18, 2003

To: David Foucher
533 Columbus Avenue, #1
Boston, MA 02118

From: Cross Atlantic Capital Partners, Inc., as agent
for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

We will sell the property set forth on the Addendum to this Notification to the highest qualified bidder in public as follows:

Day and Date: Friday, March 14, 2003
Time: 11:00 a.m. EST
Place: In the offices of
Klett Rooney Lieber & Schorling
Two Logan Square, 12th Floor
Philadelphia, PA 19103

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell for a charge of $250.00. You may request an accounting by contacting the following:

Brian Adamsky, Chief Financial Officer
Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL
(NON-CONSUMER TRANSACTION)

February 18, 2003

To: Daniel Foucher
195 South Road
Bedford, MA 01730

From: Cross Atlantic Capital Partners, Inc., as agent
for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

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Philadelphia, PA 19103

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Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital
Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL
(NON-CONSUMER TRANSACTION)

February 18, 2003

To: Maureen Stretch
26 Charles Street
Natick, MA 01760

From: Cross Atlantic Capital Partners, Inc., as agent
for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

We will sell the property set forth on the Addendum to this Notification to the highest qualified bidder in public as follows:

Day and Date: Friday, March 14, 2003
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Two Logan Square, 12th Floor
Philadelphia, PA 19103

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell for a charge of $250.00. You may request an accounting by contacting the following:

Brian Adamsky, Chief Financial Officer
Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

February 18, 2003

To: Christopher E. Kondracki
2001 Jefferson Davis Highway
Suite 505
Arlington, VA 22202

From: Cross Atlantic Capital Partners, Inc., as agent for Cross Atlantic Technology Fund, L.P. and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

We will sell the property set forth on the Addendum to this Notification to the highest qualified bidder in public as follows:

Day and Date: Friday, March 14, 2003
Time: 11:00 a.m. EST
Place: In the offices of
Klett Rooney Lieber & Schorling
Two Logan Square, 12th Floor
Philadelphia, PA 19103

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell for a charge of $250.00. You may request an accounting by contacting the following:

Brian Adamsky, Chief Financial Officer
Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

February 18, 2003

To: William H. Murray
Duane, Morris & Heckscher, LLP
One Liberty Place
Philadelphia, PA 19103-7396

From: Cross Atlantic Capital Partners, Inc., as agent for Cross Atlantic Technology Fund, L.P. and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

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Time: 11:00 a.m. EST
Place: In the offices of
Klett Rooney Lieber & Schorling
Two Logan Square, 12th Floor
Philadelphia, PA 19103

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell for a charge of $250.00. You may request an accounting by contacting the following:

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Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

February 18, 2003

To: William J. Flanagan
58 Hillcrest Road
Belmont, MA 02478

From: Cross Atlantic Capital Partners, Inc., as agent for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

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Time: 11:00 a.m. EST
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Two Logan Square, 12th Floor
Philadelphia, PA 19103

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell for a charge of $250.00. You may request an accounting by contacting the following:

Brian Adamsky, Chief Financial Officer
Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital
Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL
(NON-CONSUMER TRANSACTION)

February 18, 2003

To: Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
Attention: Brian Adamsky

From: Cross Atlantic Capital Partners, Inc., as agent for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

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Day and Date: Friday, March 14, 2003
Time: 11:00 a.m. EST
Place: In the offices of
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Radnor, PA 19087
(610) 995-2650 (telephone)
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William H. Schorling, Esquire
KLETT ROONEY LIEBER & SCHORLING
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital Partners, Inc.

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

February 18, 2003

To: I-Many, Inc.
511 Congress Street
Portland, ME 04101
Attention: Kevin F. Collins, CFO

From: Cross Atlantic Capital Partners, Inc., as agent
for Cross Atlantic Technology Fund, L.P.
and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

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Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)
Attorneys for Cross Atlantic Capital
Partners, Inc.

ADDENDUM TO NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL

The property ("Collateral") to be sold at the public sale set forth in the foregoing Notification, includes, without limitation, all of Ozro, Inc. f/k/a TradeAccess, Inc.'s ("Ozro") right, title and interest throughout the world in, to and under the following:

Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now existing, created, acquired or held including without limitation those set forth on EXHIBIT A attached hereto (collectively, the "Copyrights");

Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products, now existing, created, acquired or held;

Any and all design patents, design patent applications, design registrations, design registration applications and design rights which may be available to Ozro now existing, created, acquired or held;

All inventions, rights to apply for patents, patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same and rights of priority related thereto now existing anywhere in the world, including without limitation the patents and patent applications set forth on EXHIBIT B attached hereto (collectively, the "Patents");

Any trademarks, servicemarks, tradenames, domain names, corporate names, logos and designs, whether registered or not, applications to register and registrations of the same and like protections now existing anywhere in the world, and the entire goodwill of the business of Ozro connected with and symbolized by such trademarks, including without limitation those set forth on EXHIBIT C attached hereto (collectively, the "Trademarks"), but excluding any U.S. Federal trademark or service mark registration application filed under 15 U.S.C. Section 1051(b);

Any and all claims for damages by way of past, present and future infringements of any of the rights included herein with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified herein;

All licenses or other rights to use any of the Copyrights, Patents, or Trademarks, including without limitation those set forth on EXHIBIT D attached hereto, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

All amendments, extensions, and renewals of any of the Copyrights, Trademarks, or Patents; and

All contract rights, general intangibles, confidential information, instruments and documents of title, computer program source and object code, documentation, accounts, accounts receivable; chattel paper; books, records, and information relating to the intellectual property rights identified herein in whatsoever countries.

All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

EXHIBIT "A"

COPYRIGHTS

ISSUED COPYRIGHTS

COPYRIGHT DESCRIPTION	REGISTRATION NUMBER	DATE OF ISSUANCE

None

PENDING COPYRIGHT APPLICATIONS

COPYRIGHT DESCRIPTION	APPLICATION NUMBER	DATE OF FILING	CREATION	FIRST DATE OF PUBLIC DISTRIBUTION

None

UNREGISTERED COPYRIGHTS (Where No Copyright Application is Pending)

DESCRIPTION
EcommBuilder™ Negotiation Platform
The Dynamic Agreement eProcurement Application

The Dynamic
Agreement
Negotiation
Engine

Ozro Negotiate™
Negotiation Engine
Application

Ozro Agreement™
for Procurement
Application

Ozro Agreements™
for Trade Settlement
Application

Ozro Agreements™
for Sales
Application

EXHIBIT "B"

PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing/ Issue Date	Status
System for Iterative, Multivariate Negotiations over a Network	ET-98-001	USA	6,141,653	10/31/00	Issued
System and method for providing and updating user supplied context for a negotiations system	ET-98-003	USA	6,338,050	1/08/02	Issued
System and method for representing data and providing electronic non-repudiation in a negotiations system	ET-98-006	USA	6,336,105	1/1/02	Issued
System and Method for Ordering Sample Quantities over a Network	ET98-007	USA	6,332,135	12/18/01	Issued
System for Iterative, Multivariate Negotiations over a Network	ET98-001 PCT	USA	PCT/US99/27151	11/16/99	abandoned
Iterative Bargaining System	ET98-002PCT	USA	PCT/US99/27224	11/16/99	abandoned
International Transaction Processing Center	ET98-003PCT	USA	PCT/US99/27221	11/16/99	abandoned
Integrated RemoteWeb Authoring System	ET98-004PCT	USA	PCT/US99/27219	11/16/99	abandoned
Sponsored Community System and Method	ET98 005PCT	USA	PCT/US99/27186	11/16/99	abandoned
Electronic Non-Repudiation System and Method	ET98-006PCT	USA	PCT/US99/27183	11/16/99	abandoned
System and Method for an Automated System of Record	ET00-001CIP	USA	09/702,062	10/30/00	Pending
System and Method for Higher Level Security and Validation	ET00-002CIP	USA	09/702,061	10/30/00	abandoned

System and Method for Multiple Repositories	ET00-003CIP	USA	09/702,065	10/30/00	abandoned
System and Method for Dynamic Contracts	ET00-004CIP	USA	09/702,063	10/30/00	abandoned
System and Method for Contract Authority	ET00-005CIP	USA	09/702,050	10/30/00	Pending
System and Method for Active Templates	ET00-006CIP	USA	09/702,010	10/30/00	abandoned
System and Method for Automated, Iterative, Development Negotiations	ET00-007CIP	USA	09/702,049	10/30/00	Pending
System and Method for Process Mining	ET00-008CIP	USA	09/702,128	10/30/00	Pending
System for Iterative, Multivariate Negotiations over a Network	ET98-001EPO	EPO	EPO Application No. 99960395.4	Priority from 11/16/98	abandoned
System for Iterative, Multivariate Negotiations over a Network	ET98-001IND	India	Based on PCT/US99/27151	Priority from 11/16/98	abandoned
System & Method for an Automated System of Record	ET00-001PCT	USA	WO2001US48285	10/30/01	abandoned
System & Method for Contract Authority	ET00-005PCT	USA	WO0237738	10/30/01	abandoned
System & Method for Automated, Iterative Development Negotiations	ET00-007PCT	USA	WO02056134	10/30/01	abandoned
System & Method for Process Mining	ET00-008PCT	USA	WO0248834	10/30/01	abandoned

EXHIBIT "C"

TRADEMARKS

TRADEMARK DESCRIPTION	COUNTRY	SERIAL NO.	REG. NO.	STATUS REGISTERED
TRADE ACCESS	US	75/182,907	2,327,514	3-14-2000

UNREGISTERED TRADEMARKS

TRADEMARK DESCRIPTION

OZRO

ECOMMBUILDER™ NEGOTIATION PLATFORM

THE DYNAMIC AGREEMENT EPROCUREMENT APPLICATION

THE DYNAMIC AGREEMENT NEGOTIATION ENGINE

OZRO NEGOTIATE ™ NEGOTIATION ENGINE APPLICATION

OZRO AGREEMENT ™ FOR PROCUREMENT APPLICATION

OZRO AGREEMENT ™ FOR TRADE SETTLEMENT APPLICATION

OZRO AGREEMENT TM FOR SALES APPLICATION

EXHIBIT "D"

LICENSES

1. Strategic Technology Partner Software Agreement between Ozro and Procurepoint.com dated December 22, 1999;
2. Software License and Sublicense Agreement between Ozro and World Commerce Online, Inc., dated May 31, 2000; and
3. Amended and Restated Master Alliance Agreement between Ozro and Andersen Consulting LLP, dated August 31, 2000.
4. License agreement between I-many, Inc. and Ozro, dated November 19, 2001.

APPENDIX J

CONFIDENTIAL SETTLEMENT MATERIALS
as of May 1, 2003.

TERM SHEET

For Transfer of Certain Intellectual Property
from Cross Atlantic Capital Partners, Inc.
to Jeffrey M. Conklin

Parties:	
Conklin:	Jeffrey M. Conklin ("Conklin") or an entity owned by Mr. Conklin ("Newco") that may be organized as a "pass-through" entity or as a taxable entity for federal and state tax purposes in Conklin's sole discretion.
XA Parties:	Cross Atlantic Capital Partners, Inc. The Co-Investment 2000 Fund, L.P. Cross Atlantic Technology Fund, L.P. (collectively, the "XA Parties")
Ozro:	Ozro, Inc. f/k/a Trade Access, Inc. ("Ozro")
Terms:	
Assets to be Sold:	Ozro's intellectual property as described in the Notification of Public Disposition of Collateral (Non-Consumer Transaction) issued to Conklin and dated February 18, 2003 (to be updated as required) and the balance of Ozro's intellectual property, including but not limited to, the patents, patent applications, improvement patents and other patent rights, and the right to sue for past

	and future infringements and/or misappropriation thereof (the 'Patents", any and all nondisclosure agreements to which Ozro is a party or third-party beneficiary and any and all trade secrets, copyrights, trademarks and confidential information of Ozro, together with any contract or tort claims 'there-under or related thereto or otherwise arising and all rights thereunder (collectively, including the Patents, the 'Intellectual Property', and all other Ozro assets to the fullest extent of the security agreements in favor of debt held by the XA Parties.
Title to Intellectual Property:	To obtain title to the Intellectual Property for purposes of the transfer from the XA Parties to Newco, the XA Parties will sell all rights in and to the Intellectual Property by public auction tinder Article 9 of the 'Uniform Commercial Code. The XA Parties shall provide Conklin and Newco with the opportunity to review and approve the terms and notices relating to such public auction prior to their release. To the extent that portions of the Intellectual Property are not subject to the security interests held by the XA Parties in the assets of Otto, the XA Parties and Conklin agree to use their best efforts to acquire such assets from Ozro to be held by Newco and to

	include in the Definitive Documentation provisions to effect such acquisition of any additional Ozro assets either on or after the Closing Date. The XA Parties, or their designee, will credit bid up to $4,031,844, the balance due the XA Parties on the Ozro debt held by the XA Parties secured by the Patents, as may be required to purchase the Intellectual Property covered by security interests held by the XA Parties.
Transfer:	The XA Parties will sell to Newco and Newco will purchase from the XA Parties for $9,570,000 ("the Purchase Price"), to be paid as provided in this Term Sheet, all right, title and interest in and to the Intellectual Property free and clear of any security interest held by the XA Parties and any other encumbrance on the Intellectual Property resulting from the actions of the XA Parties other than any security interest granted pursuant to the definitive documentation documenting the terms of the transactions contemplated herein (the "Definitive Documentation"). The transfer of the Intellectual Property will be "as is/where is" without any representations or warranties other than representations by each of the parties of their authority to enter

	into the transfer and the validity of the documents effecting such transfer.
Purchase Price:	Newco shall pay the Purchase Price by paying to the XA Parties thirty percent (30%) of the gross revenues generated by Newco through its exploitation of the Patents or other use of the Intellectual Property and pursuit of claims against infringers of the Patents or other claims related to the Intellectual Property, subject to the following qualifications: 1. Gross revenues shall be calculated after the payment of out-of-pocket expenses related to patent litigation, exploitation of the Patents and pursuit of claims related to the Intellectual Property and defense of any countersuits including but not limited to any suits challenging the validity of the Patents or enforceability of other Intellectual Property, including but not limited to fees paid to expert witnesses, costs of acquiring any portions of the Patents or Intellectual Property from Ozro, or of acquiring other intellectual property assets (providing that the XA Parties shall have the right to approve any acquisition of intellectual property assets from any party other than Ozro), principal and interest or premium on funds borrowed to pay for out-of-pocket expenses ("Expense

	Loans") and fees paid for preparation and prosecution of any amendments or supplements to the Patents, all as shall reasonably be determined by counsel pursuing such claims to be necessary or advisable (collectively, the "Out-of-Pocket Expenses"). 2. Such payments shall be made to the XA Parties on a quarterly basis within thirty (30) days of the end of each quarter and shall be limited to gross revenues actually received by Newco, directly or indirectly. For the purposes of this provision, gross revenues assigned by Newco and paid directly to a third party shall be deemed "actually received" by Newco. To the extent that a portion of the revenues are paid in non-cash consideration, Newco shall make payments to the XA Parties in cash and non-cash consideration in the same ratios as such payments are received by Newco. 3. Any payment made to the XA Parties shall not exceed three (3) times the amount retained by Newco after the payment of; (a) Out of Pocket expenses, (b) the payment to the XA Parties and (c) the payment of the fees of counsel to Newco, including for patent prosecution, patent litigation, pursuit of other claims relating to the Intellectual Property and defense of claims

	against the Patents or other Intellectual Property. To the extent necessary to effectuate this provision, the amount payable to the XA Parties shall be reduced by an amount necessary to make funds available to pay Newco (the "Reduction Amount"). Subsequent payments due to the X.A. Parties shall be Increased by the aggregate Reduction Amounts unpaid to the XA Parties, with a corresponding reduction in payments to Newco, provided that no such increase shall be made to the extent that it would cause the aggregate payment to the XA Parties to exceed three (3) times the payment to Newco. The XA Parties shall have no recourse against Newco for recovery of the Reduction Amounts other than from revenues received by Newco. 4. Subsequent to the date on which Newco shall have paid the Purchase Price in full (the "Repayment Date"), Newco shall pay to the XA Parties royalties equal to three percent (3%) of gross revenues calculated as set forth above. Newco shall grant the XA Parties a security interest in the Intellectual Property to secure payment of the Purchase Price and royalties, provided that in the event of the reversion of the Intellectual Property to the XA Parties provided below or

	the foreclosure of the security interest by the XA Parties, any payment obligations of Newco secured by such security interest shall be without recourse available against Newco (including, but not limited to, any recourse against the amounts payable to Newco as described in "Reversion or Foreclosure of the Intellectual Property"), except that in the event of a payment default the XA Parties shall have recourse against such amounts subsequently payable to Newco for the amount of such payment default, and provided further that such security interest shall be subordinate to the repayment of Expense Loans, other Out of Pocket Expenses and fees payable to the counsel pursuing claims relating to exploitation of the Patents or other claims relating to the Intellectual Property and defense of any countersuits.
Covenants of Newco:	Newco shall promptly initiate and diligently pursue amendments (the "Patent Modifications") to the pending patent applications contained in the Intellectual Property as Newco may be advised by patent counsel as being necessary or advisable to bring such applications to issue and to facilitate the pursuit of claims against infringers of the Intellectual Property.

	Not later than the earlier to occur of one hundred and twenty (120) days after (a) the date of issue of the last of the Patent Modifications by the U.S. Patent and Trademark Office ("PTO") or (b) the date of mailing of a final rejection of the last of the Patent Modifications by the PTO, Newco must (a) promptly engage patent counsel ("Patent Counsel") reasonably acceptable to the X.A. Parties, it being agreed that Townsend & Townsend and Crew LLP and Bartlett and Beck LLP shall be deemed acceptable to the XA Parties, and it being understood that such Patent Counsel may be retained to work on a contingency fee basis and (b) obtain an assessment from such Patent Counsel of the likelihood of the existence of potential infringers of the Patents or other potential claims relating to the Intellectual Property. Within six months of the engagement of Patent Counsel, Newco must initiate and diligently pursue to conclusion licensing negotiation or Patent infringement claims or claims relating to the Intellectual Property against at least one person or entity. Subsequent to the initiation of the first negotiation or claim Newco shall not for any consecutive period of greater than six months, fail to take any action that would facilitate

	exploiting the Patents or otherwise using the Intellectual Property or pursuing claims against the infringers of the Patents or other claims relating to the Intellectual Property, provided that the active engagement of legal or other experts to advise Newco with regard to such matters shall be deemed to satisfy the terms of this provision and the attestation of such experts to such engagement and advice, including but not limited to the reports provided for in the following paragraph, shall provide prima facie evidence of compliance with the provisions of this section, Newco shall use commercially reasonable efforts to preserve Newco's rights to pursue claims against actual or potential infringers of the Patents or other claims relating to the Intellectual Property. Newco shall pursue such claims against infringers of the Patents or other claims relating to the Intellectual Property as Newco and Patent Counsel shall reasonably determine in their sole discretion to have the potential to yield significant recoveries subject to budgetary constraints and strategic concerns relative to the timing of suits and the likelihood of success on the merits. The XA Parties shall be entitled to receive reports with respect to the progress of such claims and to provide sug-

	gestions and comments to Newco with respect to such claims to the extent that the provision of such information does not compromise the attorney-client privilege between Newco and its counsel, provided that the XA Parties shall be subject to a nondisclosure agreement with respect to any such information provided to them by Newco. To the extent that Newco seeks to obtain external funding to pay for the Out of Pocket Expenses relating to the exploitation of the Intellectual Property, the XA Parties shall have the right of first refusal with respect to such funding on the identical terms being offered to third parties.
Covenants of Conklin:	Conklin, or a designee of Conklin reasonably acceptable to the XA Parties, shall use reasonable good faith efforts to assist Newco in its efforts to exploit the Patents or otherwise use the Intellectual Property or pursue claims against the infringers of the Patents or other claims relating to the Intellectual Property Submission by Conklin, or any such designee, of a statement in writing to Newco or the XA Parties of such person's intention to cease to provide such efforts to Newco shall be deemed a material breach of this covenant, unless a substitute provider of such services reasonably

	acceptable to the XA Parties is designated on or prior to the submission of such statement.
Intellectual Property Use Restritions:	The consent of the XA Parties, which shall not be unreasonably withheld, shall be required with respect to any settlement of litigation with an infringer of the Patents or with respect to any settlement of any other claim of rights with respect to the Intellectual Property, including granting any licenses or sublicenses. With respect to any bona fide offer which Newco and Patent Counsel desire to accept (a "Settlement Transaction"), if the XA Parties do not consent to a Settlement Transaction, at the election of Newco, in its sole discretion, either: (a) for the purposes of determining the satisfaction of the revenue criteria set forth in "Reversion of Intellectual Property" the XA Parties shall be deemed to have received the gross proceeds that would have been payable to the XA Parties if the Settlement Transaction took effect or (b) Newco and the XA Parties shall submit the issue of whether to accept the Settlement Transaction to binding arbitration with a mutually acceptable arbitrator who shall be a nationally recognized patent litigator. The requirement that the XA Parties consent to a Settlement Transaction

	shall terminate upon The Repayment Date. In addition, the consent of the XA Parties shall not be required for any Settlement Transaction to the extent that the amounts payable to the XA Parties from the Settlement Transaction, when combined with all other payments to the XA Parties from the transactions contemplated herein (assuming payment in full of all amounts owing from transactions that call for payments to Newco over time), would produce an aggregate payment to the XA Parties of at least Nine Million Five Hundred Seventy Thousand Dollars ($9,570,000).
Reversion or Foreclosure of the Intellectual Property	If Newco fails to meet any of its payment obligations or otherwise violates the Intellectual Property Use Restrictions or the covenants set forth under the section entitled "Covenants of Newco," the Purchase Price shall be immediately due and payable and all right, title and interest to the Intellectual Property shall automatically revert to the XA Parties or, at the XA Parties' option, the XA Parties may foreclose on the security interest, provided that the XA Parties shall also assume, or such foreclosure shall be subject to, all of the liabilities of Newco relating to the payment of fees to the counsel pursuing claims relating to exploitation of the Patents and other claims

	relating to the Intellectual Property and defense of any countersuits Expense Loans made to Newco and other but of Pocket Expenses. In lieu of such reversion or foreclosure of assets and assumption of liabilities, the XA Parties may require Conklin to transfer all of the Newco stock owned by Conklin to the XA Parties, Upon any such reversion or foreclosure, Newco (or Conklin in the event of a stock transfer) shall be entitled to a payment of twelve and one-half percent (12.5%) of the gross revenues (calculated in the same manner as the payment of gross revenues to the XA Parties set forth in "Purchase Price") generated by the license, sale or other use of the Intellectual Property and pursuit of claims against infringers of the Intellectual Property. Notwithstanding the foregoing, no reversion or foreclosure shall occur unless said failure or violation remains uncured for sixty (60) days after the XA Parties provide written notice to Newco or for five (5) days after the XA Parties provide written notice to Newco in the event of a failure to make required payments to the XA Parties. Further, so long as no payment default exists, no reversion or foreclosure shall occur if, at the time of the event triggering reversion or foreclosure, either Newco has in-

	itiated a lawsuit against an infringes of the Patents or for another claim relating to the Intellectual Property, Newco has entered into agreements with parties generating a minimum of $500,000 in annual gross revenue or within thirty (30) days of the occurrence of such an event, other than a failure to pay, Newco makes a payment to the XA Parties of One Hundred Fifty Thousand dollars ($150,000), which payment shall be credited against subsequent amounts due to the XA Parties. No reversion shall take place at any time during a calendar year when such payment is made, and Newco may elect to make such payment in no more then three calendar years in the aggregate.
Mutual Covenants	Newco, Conklin and the XA Parties agree to cooperate in the foreclosure by the XA Parties on the Intellectual Property covered by the security interests of the XA Parties, provided that the XA Parties shall reimburse Newco and Conklin for any reasonable out-of-pocket expenses incurred by Newco or Conklin in providing such cooperation at the request of Newco. So long as no action has taken place that would cause a reversion of or a foreclosure of the security interest on the Patents and Intellectual Property, neither Conklin nor the XA

	Parties shall take action including but not limited to any action in their capacities as shareholders or creditors of Ozro, other than the exercise of any right that may be granted to Conklin or the X.A. Parties respectively in the Definitive Documentation, that would adversely affect Newco's right to exploit the Patents or otherwise use the Intellectual Property or to pursue claims against the infringers of the Patents or other claims relating to the Intellectual Property. A breach of this covenant by either Conklin or the XA Parties shall be deemed to constitute a material breach of the underlying agreements contemplated hereby resulting in a reversion of or foreclosure on the Intellectual Property on the terms set forth in "Reversion of the Intellectual Property" to the XA Parties in the event of a breach by Conklin and a reduction of the percentage of the gross. revenues payable to the XA Parties prior to the Repayment Date from thirty percent (30%) to twelve and one-half percent (12.5%) in the event of a breach by the XA Parties.
Covenants of the XA Parties	Within sixty (60) days after the Closing Date (as such tennis defined herein), the XA Parties shall, at their expense, take all actions necessary to effectuate the transactions contemplated by the Definitive Documenta-

	tion, including but not limited to transferring title to the Intellectual Property to Newco on the terms set forth in "Transfer". The XA Parties shall cooperate with the efforts of Conklin and Newco to exploit the Patents or otherwise use the Intellectual Property or to pursue claims against the infringers of the Patents or other claims related to the Intellectual Property at the request and expense of Conklin and Newco, including but not limited to providing to Newco any of Ozro'a records relating to the Patents and Intellectual Property retained by the XA Parties. Prior to the closing of the transactions contemplated herein, the XA Parties shall disclose to Conklin and Newco the substance of all communications the XA Parties have had with actual or potential infringers of the Patents or persons who may be subject to other claims relating to the Intellectual Property relating to such infringement or claims and any person, other than Imany, with whom the XA Parties discussed exploitation of the Patents or other disposition or use of the Intellectual Property. The XA Parties shall terminate the existing Software Escrow Agreement with Ozro.

Restrictions on Transfer of the Ozro Securities:	The XA Parties shall not transfer any equity or debt securities of Ozro owned by the XA Parties or any rights granted thereunder without the consent of Newco, and Conklin shall not transfer any equity or debt securities of Ozro owned by Conklin or any rights granted thereunder without the consent of the XA Parties. In neither event shall consent be unreasonably withheld. Any such transfer shall be conditioned on the transferee agreeing to assume the obligations of the transferring party with respect to the securities transferred set forth in the Definitive Documentation, including but not limited to the restrictions on transfer set forth herein and the restrictions set forth in the section entitled "Covenants of the XA Parties".
Mutual Release:	The XA Parties (including the officers and directors of the XA Parties), Newco, Barry Borden; any creditor of Ozro who signed a petition for the involuntary banlauptcy of Ozro and all persons known by Conklin to have asserted claims against the XA Parties prior to the Closing Date shall release and discharge one another from any and all claims other than claims arising from the Definitive Documentation (as such term is defined herein).

Representations:	Conklin shall represent that he knows of no other creditors who have agreed to join in an involuntary bankruptcy petition or claimants Who have threatened or asserted claims against the XA Parties (including the officers and directors of the XA Parties) other than those persons identified by the XA Parties.
Successors and Assigns:	Neither party may assign its rights pursuant to the Definitive Documentation unless the assignee shall agree in writing to be bound by the terms of such Definitive Documentation and provided further that neither party shall be entitled to transfer their rights pursuant to the Definitive Documentation to any actual, alleged or potential infringer of the Patents or any other subject of a potential claim relating to the Intellectual Property or any direct or indirect owner of five (5%) or more of the equity securities of any such person (a "Prohibited Transferee"), to contact a Prohibited Transferee with respect to such a transfer or to discuss a potential transfer with a Prohibited Transferee without the consent of the other party which may be withheld for any reason.
Documentation:	The foregoing terms shall be documented as appropriate in the Definitive Documentation.

Closing:	The parties shall execute Definitive Documentation no later than May 14, 2003 (the "Closing Date"), provided that a final closing of the transactions contemplated hereunder may be delayed until the completion of the public auction contemplated herein.

Jeffrey M, Conkin

/s/ Glenn T. Rieger
Cross Atlantic Capital Partners, Inc.

/s/ Glenn T. Rieger
The Co-Investment 2000 Fund, L.P.

/s/ Glenn T. Rieger
Cross Atlantic Technology Fund, L.P.

NOTE; This Sale Term Sheet is intended as an outline to facilitate discussion and does not purport to summarize all of the conditions, covenants, warranties and other provisions which would be contained in the Definitive Documentation. Without any regard limiting the generality of the foregoing, nothing in this term sheet, nor any other written, or oral communication among the XA Parties, Conklin, Newco, their respective counsel or any other person may be construed to commit any of the XA Patties, Conklin or New co to any undertaking, absent a writing which, by its express terms, purports to be such an undertaking.

Successors and Assigns:	"Prohibited Transferee"), to contact a Prohibited Transferee with respect to such a transfer or to discuss a potential transfer with a Prohibited Transferee without the consent of the other party which may be withheld for any reason.
Documentation:	The foregoing terms shall be documented as appropriate in the Definitive Documentation.
Closing:	The parties shall execute Definitive Documentation no later than May 14, 2003 (the "Closing Date"), provided that a final closing of the transactions contemplated hereunder may be delayed until the completion of the public auction contemplated herein.

/s/ Jeffrey M, Conkin
Jeffrey M, Conkin

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Cross Atlantic Capital Partners, Inc.

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The Co-Investment 2000 Fund, L.P.

____
Cross Atlantic Technology Fund, L.P.

NOTE; This Sale Term Sheet is intended as an outline to facilitate discussion and does not purport to summarize all of the conditions, covenants, warranties and other provisions which would be contained in the Definitive Documentation. Without any regard limiting the generality of the foregoing, nothing in this term sheet, nor any other written, or oral communication among the XA Parties, Conklin, Newco, their respective counsel or any other person may be construed to commit any of the XA Patties, Conklin or New co to any undertaking, absent a writing which, by its express terms, purports to be such an undertaking.

APPENDIX K

Settlement Agreement

THIS SETTLEMENT AGREEMENT (the "Agreement") is made effective as of June 4, 2003 ("Effective Date") by arid among Cross Atlantic Capital Partners, Inc. ("XACP"), The Co-Investment 2000 Fund, L.P. ("2000 Fund"), Cross Atlantic Technology Fund, L.P. ("Technology Fund;" and, with the 2000 Fund and XACP, the "XACP Entities") and Jeffrey M. Conklin ("Conklin").

Background

I. The XACP Entities desire to purchase and sell to an entity that shall be organized by Conklin ("Newco" and together with Conklin, "Buyer"), that may be organized as a "pass-through" entity or as a taxable entity for federal and state tax purposes in Conklin's sole discretion, certain intellectual property and assets of Ozro, Inc. (f/k/a Trade Access, Inc.) ("Ozro") as further described in this Agreement.

II. Buyer desires to purchase certain intellectual property and assets of Ozro from the XACP Entities, as further described in this Agreement

III. The XACP Entities, Newco and Conklin desire to release and discharge one another from any and all claims, other than claims under this Agreement.

Agreement

NOW, THEREFORE, in consideration of foregoing Background and intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meaning set forth in this section 1:

a. Assessment; Shall have the meaning given that term in section 10

b. Cessation Statement: Shall have the meaning given that term in section 10.

c. Closing: The closing of the Sale.

d. Closing Date: The date on which the Closing shall occur.

e. Default: Newco's violation or default of the restrictions, representations or covenants set forth in this Agreement.

f. Designee: Shall have the meaning given that tarn in section 10.

g. Efforts: Reasonable good faith efforts.

h. Engagement: Shall have the meaning given that term in section 9.

i. Equity Equivalents: Securities that may be exercised or exchanged for or convertible into equity securities of Newco.

j. Expense Loans: Principal and interest or premium on funds borrowed to pay for Out-Of-Pocket-Expenses.

k. Gross Revenues: Shall have the meaning given that term in section 5.

l. Intellectual Property: The intellectual properly set forth on Schedule 1k attached hereto and incorporated by reference herein and the balance of Ozro's intellectual property whether or not subject to the security interests held by the XACP Entities, including but not limited to; the Patents and any and all nondisclosure agreements to which Ozro is a party or third-party beneficiary and any and all trade secrets, copyrights, trademarks and confidential information of Ozro, together with any contract or tort claims thereunder or related thereto, including, without limitation, the right to sue for past infringement or misappropriation, and all rights thereunder, and all other Ozro assets to the fullest extent of the security agreements in favor of debt held by the XACP Entities in the assets of Ozro.

m. Organizational Documents. The Certificate of Incorporation, Certificate of Formation, Certificate of Limited Partnership, or other charter document applicable to any referenced entity, together with any by laws, operating agreement, partnership agreement, trust agreement or other organizational documents' applicable to such entity.

n. Out of Pocket Expenses: Out of pocket expenses are expenses related to Newco's Patent litigation, exploitation of the Intellectual Property (including, but not limited to, the licensing of the Intellectual Property) and pursuit of claims related. to the Intellectual Property and defense of any related countersuits or any stilts challenging the validity of the Patents or enforceability of other Intellectual Property, including (i) fees paid to expert witnesses and licensing consultants (provided that such licensing consultants and the terms of their engagement are reasonably acceptable to the XACP Entities); (ii) costs of acquiring any portions of the Patents or Intellectual Property from Ozro (iii) costs of acquiring other intellectual property assets (providing that the XACP Entities shall have the right to approve any acquisition of intellectual property assets from any party other than Ozro); (iv) Expense Loans; and (v) fees paid to persons or entities who are not "affiliates" (as such term is defined in

Rule 501(b) promulgated under the Securities Act of 1933) of Newco for preparation and prosecution of any amendments or supplements to the Patents; all as shall reasonably be advised by Patent Counsel pursuing such claims and determined by such counsel to be necessary or advisable.

o. Patent Modifications: Shall have the meaning given that term in section 9.

p. patents: Ozro's patents, patent applications, improvement patents and other patent rights and the right to sue for past and future infringements and/or misappropriation thereof.

q. patent Counsel: Patent counsel reasonably acceptable to the XACP Entities, it being agreed that Townsend & Townsend and Crew LLP and Bartlett and Beck LLP shall be deemed acceptable to the XACP Entities.

r. Payment Default: Newco's failure to meet any of its payment obligations set forth in this Agreement.

s. Payment(s) Newco's payments to the XACP Entities under this Agreement.

t. Prohibited Transferee: Any actual, alleged or potential infringer of the Patents or any other subject, of a potential claim relating to or potential licensee of, the Intellectual Property or any direct or indirect owner of five (5%) or more of the equity securities of any such person.

u. PTO: The U.S. Patent and Trademark Office.

v. Public Auction: A public auction conducted pursuant to Article 9 of the Uniform Commercial Code.

w. Purchase Price: Shall have the meaning given that term in section 5.

x. Purchase Price Payment: Shall have the meaning given that term in section 5.

y. Reduction Amount: Shall have the meaning given to that term in section 5.

z. Repayment Date: The date on which Newco shall have paid the Purchase Price in full to the XACP Entities.

aa. Reports: Status reports provided by Conklin or Newco no less frequently than quarterly setting forth the status, progress other aspects of claims against, or licensing efforts with, infringers of the Patents or other claims relating to the Intellectual Property.

bb. Reversion: Shall have the meaning given that term in section 14.

cc. Royalties: Shall have the meaning given that term in section 5.

dd. Sale: Shall have the meaning given that term in section 4.

ee. Secured Intellectual property: The Intellectual Property subject to the security interests held by the XACP Entities.

ff. Security Interest: Shall have: the meaning given that term in section 7.

gg. Settlement Transaction: A: bona fide Settlement offer which Newco and Patent Counsel desire to accept with respect to any settlement of litigation with an infringer of the Patents or with respect to any other claim 5 of rights with respect to the Intellectual Property, including licenses or sublicenses for any Intellectual Property.

hh. Sum: Shall have the meaning given that term in section 14.

ii. Transfer: The transfer of all of the Newco stock owned by Conklin or others to the XACP Entities pursuant to section 14.

2. Organization of Newco. Newco shall be organized, and initially wholly owned, by Conklin, for the purpose of purchasing the Intellectual Property and, *inter alia*, fulfilling the obligations of Newco pursuant to this Agreement. Conklin, or a Designee named pursuant to Section 10a, shall serve as Newco's Chief Executive Officer or Chief Managing Member (with functions substantially equivalent to a Chief Executive Officer) until the Purchase Price has been paid in full. Newco's Organizational Documents shall each contain a provision which provides that all equity securities or Equity Equivalents issued by Newco shall be subject to the terms and conditions of this Agreement applicable to shareholders and holders of Equity Equivalents of Newco, including, without limitation, the XACP Entities' Reversion and Transfer rights under Section 14. In addition, each certificate or instrument that evidences any equity security or security that may be exercised or exchanged for or convertible into equity securities issued by Newco shall bear prominent legend on the face or reverse thereof that indicates that the security evidenced by such certificate or Instrument is subject to the terms and conditions of this Agreement, including, without limitation, the XACP Entities Reversion and Transfer rights under Section 14:

3. Public Auction. The XACP Entities shall use their best efforts to obtain title to the Intellectual Property for purposes of a transfer from the XACP Entities to Newco, by selling all of the XACP Entities'

rights in and to the Secured Intellectual Property by Public Auction within sixty (60) days after the Effective Date. The XACP Entities shall provide Conklin with the opportunity to review and approve the terms and notices relating to the Public Auction prior to their release. At the Public Auction, the XACP Entities, or their designee, will credit bid up to $4,031,844, as may be required to purchase the Intellectual Property, including but not limited to the right to sue for past infringement or misappropriation of the Patents, covered by security interests held by the XACP Entities.

To the extent that portions of the Intellectual Property are not subject to the security interests held by the XACP Entities in assets of Ozro; the XACP Entities and Conklin agree to use their best efforts to acquire such assets from Ozro to be held by Newco without further consideration payable by Conklin or the XACP Entities or payable to Conklin or The XACP Entities in connection with such acquisition. To facilitate such efforts, the XACP Entities agree upon the request of Conklin, to vote their shares of Ozro stock, either at a meeting or by written consent, to elect persons mutually acceptable to Conklin and the XACP Entities as officers or directors of Ozro and to approve the transfer of Intellectual Property, other than the Secured Intellectual Property to be transferred at the Closing, to Newco. This agreement by the XACP Entities relating to their voting of their shares of Ozro stock is coupled with an interest.

4. Purchased Assets. If the XACP Entities obtain title to the Secured Intellectual Property at the Public Auction, the XACP Entities shall sell (the "Sale") to Newco by bill of sale and assignment in the form attached as Schedule 4 to this Agreement, and

Newco shall purchase from the XACP Entities for the Purchase Price, all of the XACP Entities' right, title and interest in and to the Secured Intellectual Property, free and clear of any security interest or other interest held or created by the XACP Entities and any other encumbrance on the Secured Intellectual Property resulting From the actions of the CACP Entities, other than any security interest granted in accordance with the terms of this Agreement. The Sale of the Secured Intellectual Property shall be "as is/where is" without any representations or warranties, including but not limited to representations of title, other than representations and warranties set forth in this Agreement.

From and after the Closing, Conklin and the XACP Entities agree that Newco shall have the sole and exclusive right, consistent with the terms of this Agreement, to exploit the Patents and otherwise use the Intellectual Property to pursue potential claims and to negotiate terms with potential infringers or other licensees.

5. payment of the Purchase Price. In payment for the Secured Intellectual Property and the securities identified in Section 11d of this Agreement, Newco shall pay $9,570,000 (the "Purchase Price") to the XACP Entities, payable In the following manner: Newco shall pay the Purchase Price by paying the XACP Entities thirty percent (30%) of the gross revenues generated by Newco through Newco's exploitation of the Patents or other use of the intellectual Property and pursuit of claims against infringers the Patents or other claims or licenses related to the Intellectual Property ("Gross Revenues"), subject to the followings qualifications:

a. Calculation of Gross Revenues. Gross Revenues shall be calculated after the payment of Out-Of-Pocket Expenses.

b. Payments to the XACP Entities. Payments of the Purchase Price shall be made to the XACP Entities on a quarterly basis within thirty (30) days of the end of each quarter commencing with the first calendar quarter after the consummation of the Sale and shall be limited to Gross Revenues actually received by Newco, directly or indirectly ("Purchase Price Payment"). For purposes of this section, Gross Revenues assigned by Newco and paid directly to a third party shall be deemed "actually received" by Newco. To the extent that a portion of the Gross Revenues are paid in non-cash consideration, Newco shall make Purchase Price Payments to the XACP Entities in cash and non-cash consideration in the same ratios as such Gross Revenues are received by Newco. The Purchase Price Payments shall be made by wire transfer of same-day funds to:

Account Name:	Cross Atlantic Technology Fund, LP.
Bank:	PNC Bank 1600 Market Street Philadelphia, PA 19103
Account Number:	8613185534
ABA Number:	031000053

or pursuant to such other instructions as XACP may notify Newco pursuant to section 26.

c. Limitations on Purchase Price Payments. The Purchase Price Payment for any quarter shall not exceed three (3) times the amount of Gross Revenues retained by Newer) after the payment during such quarter of (a) the Purchase Price Payment to the XACP Entities; and (b) the fees of Patent Counsel for Newco's Patent prosecution, Patent litigation, pursuit of other claims or licenses relating to the Intellectual Property and defense of claims against the Patents or other Intellectual Property. To the extent necessary to effectuate this provision, the Purchase Price Payment to the XACP Entities for any quarter shall be reduced by an amount necessary to make sufficient funds available to be retained by Newco (the "Reduction Amount"). Subsequent Purchase Price Payments due to the XACP Entities shall be increased by the aggregate Reduction Amount which remains unpaid to the XACP Entities, with a corresponding reduction in the amount of Gross Revenues retained by Newco, provided that no such increase shall be made to the extent that it would cause the aggregate quarterly Purchase Price Payment to the XACP Entities to exceed three (3) times the amount retained by Newco calculated as set forth in the first sentence of this subsection 6(c). The XACP Entities shall have no recourse against Newco for recovery of the Reduction Amounts other than from revenues received by Newco.

d. Payment of Royalties. Subsequent to the Repayment Date Newco shall pay to the XACP Entities royalties equal to three percent (3%) of total Gross Revenues ("Royalties").

6. Closing. The Closing shall take place as soon as practicable after, but in no event later than seven (7) days after the closing of the Public Auction at the offices of Klett Rooney Lieber & Schorling, Two Logan Square, 12th Floor, Philadelphia, PA 19103, or at such other time or place as may be mutually

agreed to by the XACP Entities and Conklin; provided however that the XACP Entities shall have no obligation to proceed to Closing on the Sale if the XACP Entities do not obtain title to the Secured Intellectual Property at the Public Auction. The Closing shall be effective as of 12:01 a.m. on the Closing Date.

7. Security Interest. As of the Closing, Newco grants the XACP Entities a security interest in the Secured Intellectual Property ("Security Interest") to secure payment of the Purchase Price, provided that in the event of the Reversion (as defined below) of the Security Interest by the XACP Entities, any Payment obligations of Newco secured by such Security Interest shall be without recourse against Newco, other than to the Intellectual Property, including, but not limited to, any recourse against the amounts payable to Newco, provided however that in the event of a Reversion for a Payment Default or upon a Payment Default, the XACP Entities shall have recourse against the amounts payable to Newco to recoup the amount of such Payment Default. The Security Interest shall be subordinate only to the repayment of Expense Loans, other Out of Pocket Expenses and fees payable to Patent Counsel pursuing claims relating to exploitation of the patents or other claims or licenses relating to the Intellectual Property, including defense of any countersuits. Conklin and/or Newco agree to take such action and to execute such documents, including but not limited to financing statements, at the sole cost and expense of the XACP Entities, as may be determined by the XACP Entities to be necessary or desirable to perfect or to continue the perfection of the security interest granted in this section.

8. Source Code Escrow Agreement. As soon as possible after the Closing, Newco and the XACP Entities shall enter into a Preferred Escrow Agreement, or amend any existing escrow agreement, for the source code for the Patents pursuant to which a source code agent acceptable to the XACP Entities shall maintain, at Newco's expense until the Repayment Date, as security for payment of the Purchase Price. Until such time as Newco has retained Gross Revenues in excess of the fees payable to the source code agent, the XACP Entities shall advance to Newco sufficient funds to pay the fees payable the source code agent. Newco shall repay such advance promptly after receipt of sufficient retained Gross Revenues to repay such advance, and the XACP Entities' sole recourse for repayment of the advance shall be against Gross Revenues retained by Newco or payments made by the XACP Entities to Newco pursuant to this Agreement.

9. Obligations and Covenants of Newco.

a. Patent Modifications. Newco shall promptly initiate and diligently pursue amendments and/or continuations, as applicable, to the pending patent applications contained in the Intellectual Property (the "Patent Modifications") as Newco may be advised by Patent Counsel as being necessary or advisable to bring such applications to issue and to facilitate the pursuit of claims against infringers of the Intellectual Property.

b. Patent Counsel. Not later than the earlier to occur of one hundred and twenty (120) days after (x) the date of issue of the last of the Patent Modifications by the PTO; or (y) the date of mailing of a final rejection of the last of the Patent Modifications by the PTO, Newco shall (a) promptly engage

Patent Counsel (the "Engagement"), it being understood that such Patent Counsel may be retained to work on a contingency fee basis; and (b) obtain an assessment from such Patent Counsel of the likelihood of the existence of potential infringers of, or potential licensees for, the Patents or Other potential claims relating to the Intellectual Property ("Assessment"). Newco shall provide the XACP Entities with written evidence of the Engagement and Assessment within five (5) days of the date of the Engagement or Assessment, respectively.

c. Six Month Requirement. Within six months of the Engagement Newco shall initiate, and thereafter diligently pursue to conclusion, licensing negotiation or patent infringement claims or claims relating to the Intellectual Property against as feast one person or entity (it being understood that not all attempts to pursue licensing negotiations or claims against infringers may result in a successful conclusion). Subsequent to the Initiation of the first negotiation or claim, Newco shall not, for any consecutive period of greater than six (6) months, fail to take any action that would facilitate exploiting the Patents or otherwise using the Intellectual Property or pursuing claims against infringers of the Patents or other claims or relating or the Intellectual Property, provided that the active and continuing engagement of legal or other experts to advise Newco With regard to such matters shall be deemed to satisfy the terms of this subsection and the attestation of such exports to such engagement and advice, including but not limited to the Reports, shall provide prima facie evidence of compliance with the provisions of this subsection.

d. Preservation of Rights. Newco shall use commercially reasonable Efforts to preserve Newco's rights to pursue claims against actual or potential infringers of the Patents or other claims relating to the Intellectual Property and to license the Intellectual Property. Newco shall pursue such claims against infringers of the Patents or other claims relating to the Intellectual Property or such licenses of the Intellectual Property as Newco and Patent Counsel shall reasonably determine in their sole discretion to have the potential to yield significant recoveries subject to budgetary constraints and strategic concerns relative to the timing of suits and the likelihood of success on the merits. The XACP Entities shall be entitled to receive Reports with respect to the progress of such claims and to provide suggestions and comments to Newco with respect to such claims or licenses to the extent that the provision of information, contained in the Reports does not compromise the attorney-client privilege between Newco and its Patent Counsel, provided that the XACP Entities shall be subject to a reasonable nondisclosure agreement with respect to any Reports provided to them by Newco.

e. External Funding. To the extent that Newco seeks to obtain external funding to pay for the Out of Pocket Expenses relating to the exploitation of the Intellectual Property by selling debt securities or debt securities With an equity, feature, including, but not limited to, convertible debt and notes sold in conjunction with warrants, the XACP Entities shall, for a period of fifteen (15) days after receipt of written notice from Newco detailing the terms of such proposed sale, have the right of first refusal with respect to providing such funding on the identical terms being offered to third parties. To the extent that Newco sells equity securities or Equity Equivalents, Newco shall provide written notice of such sale to the XACP Entities and shall require the purchasers of such securities to enter into an agreement requiring that all equity securities of Newco acquired by such purchaser be subject to the terms of this Agreement applicable to shareholders and holders of Equity Equivalents of Newco, including but not limited to the Transfer and Reversion rights of the XACP Entities under Section 14.

f. Negative Pledge. Newco agrees that it will not allow or create any lien, charge or security interest on or to the Intellectual Property or any part thereof other than the security interest granted to the XACP Entities under this Agreement. This covenant shall automatically terminate upon the Repayment Date.

g. Newco shall notify the XACP Entities thirty, days before it changes name or state of organization.

10. Obligations and Covenants of Cooklin

a. Conklin, or if Conklin is unable to do so for any reason, a designee of Conklin (or if Conklin is unable to make a designation, a designee of the holders of a majority of the outstanding voting securities of Newco) reasonably acceptable to the XA Entities (the "Designee"), shall use Efforts to assist Newco in its efforts to exploit the Patents or otherwise use the Intellectual Property or pursue claims against the infringers of the Patents or other claims or licenses relating to the Intellectual Property. Submission by Conklin or his Designee of a statement in writing to Newco or the XACP Entities of such person's intention to cease to provide such Efforts to Newco ("Cessation Statement) shall be deemed a material breach of this section, unless a substitute provider of such services reasonably acceptable to the XACP Entities is designated on or prior to the delivery of the Cessation Statement.

b. Cooperation. Conklin shall cooperate with the Efforts of Newco, or, after a Reversion or Transfer, the XACP Entities, to exploit the Patents or otherwise use the Intellectual Property or to pursue claims against the infringers of the Patents or other claims or licenses related to the Intellectual Property at the request and sole expense of Newco and/or the XACP Entities (but without thither consideration or compensation payable by Newco or the XACP. Entities or payable to Conklin in connection with such cooperation), including, but not limited to providing to Newco or the XACP Entities, as the case may be, any records relating to the Patents and the Intellectual Property retained by Conklin.

c. On or prior to the closing Date, Conklin shall cause Newco to ratify, join in and execute this Agreement

11. Obligations and Covenants of the XACP Entitles

a. Actions to Effectuate Transaction. Within sixty (60) days after the Closing Date, the XACP Entities shall, at their expense, take all actions necessary to effectuate the transactions set forth herein, including but not limited to transferring title to the Secured Intellectual Property to Newco.

b. Cooperation. The XACP Entities shall cooperate with the Efforts of Conklin and Newco to exploit the Patents or otherwise use the Intellectual Property or to pursue claims against the infringers of the Patents or other claims or licenses related to the Intellectual Property at the request and sole expense of Conklin and Newco (but without further consideration or compensation payable by Newco or Conklin or payable to the XACP Entities in connection with such cooperation), including, but not limited to, providing to Newco any of Ozro's records relating to the Patents and Intellectual Property retained by the XACP Entities.

c. Prior Communications. Prior to the Closing Date, the XACP Entities shall disclose to Conklin and Newco the substance of all communications the XACP Entities have had with actual or potential infringers of the Patents or persons who may be subject to other claims relating to the Intellectual Property relating to such infringement or claims and any person, other than communications with I-many, Inc. conducted prior to January 1, 2003, with Whom the XACP Entities discussed exploitation of the Patents or other disposition or use of the Intellectual Property.

d. Tender of Ozro Securities. On the Repayment Date, the XACP Entities shall transfer to Newco all debt and equity securities of Ozro held by them.

12. Mutual Obligations and Covenants. Newco, Conklin and the XACP Entities agree to cooperate in the foreclosure by the XACP Entities on the Intellectual Property covered by the security interest of the XACP Entities, provided that the XACP Entities shall reimburse Newco and Conklin for any reasonable out-of-pocket expenses incurred by Newco or Conklin in providing such cooperation at the request of XACP. So long as no action has taken place that would cause a reversion or foreclosure of the security interest in the Patents and Intellectual Property, neither Conklin nor the XACP Entities shall take action including but not limited to any action in their capacities as shareholders or creditors of Ozro, other than the exercise of any right that may

be granted to Conklin or the XACP Entities respectively in this Agreement, that would adversely affect Newco's right to exploit the Patents or otherwise use the Intellectual Property or to pursue claims against the infringers of the Patents or other claims, including, without limitation, the right to sue for past infringement or for injunctive relief, relating to the Intellectual Property. A breath of the mutual covenant set forth in this section by either Conklin or the XACP Entities shall be deemed to constitute a material breach of the Agreement resulting in, in addition to any other remedies that may be available in law or equity, (x) a Reversion of the Intellectual Property to the XACP Entities in the event of a breach by Conklin or Newco; ,and (y) (i) a reduction of the percentage the Gross Revenues payable to the XACP Entities prior to the Repayment Date from thirty percent (30%) to twelve and one-half percent (12.5%) in the event of a breach by the XACP Entities.

13. Intellectual Property Use Restrictions. The written consent of the XACP Entities, which shall not be unreasonably withheld, shall be required with respect to any settlement of litigation with an infringer of the Patents or with respect to any other claim of rights with respect to the Intellectual Property, including licenses or sublicenses for any Intellectual Property. With respect to any Settlement Transaction, if the XACP Entities do not consent to a Settlement Transaction, Newco, in its sole discretion, may elect either: (a) that for the purposes of determining the satisfaction of revenue criteria with respect to a Reversion, the XACP Entities shall be deemed to have received the gross proceeds that would have been payable to the XACP Entities if the Settlement transaction took effect; or (b) that Newco and the XACP Entities shall submit the issue of

whether to accept the Settlement Transaction to binding arbitration with a mutually acceptable arbitrator who shall be a nationally recognized patent litigator. The requirement that the XACP Entities consent to a Settlement Transaction shall terminate on the Repayment Date. In addition, the consent of the XACP Entities shall not be required for any Settlement Transaction to the extent that the amount which shall be paid to the XACP Entities from the Settlement Transaction at the closing of the Settlement Transaction, when combined with all other Payments made to the XACP Entities from then existing transactions (assuming payment in full of all amounts owing from transactions, as to which there is no then existing material default, that call for payments to Newco) would produce an aggregate Payment to the XACP Entities of at least Nine Million Five Hundred Seventy Thousand Dollars ($9,570,000).

14. Reversion or Foreclosure of the Intellectual Property. If there is a Payment Default or Default, the Purchase Price shall be immediately due and payable and all right, title and interest to the Intellectual Property shall automatically revert to the XACP Entities or, at the XACP Entities' option, which shall be exercised in a written notice to Newco, the XACP Entities may foreclose on the security interest (such reversion or foreclosure, a "Reversion"), provided that the XACP Entities shall also assume, or such foreclosure shall be subject to, all of the liabilities of Newco relating to the payment of fees to the Patent Counsel pursuing claims relating to exploitation of the Patents and other claims relating to the Intellectual Property and defense of any countersuits, Expense Loans made to Newco used to pay unpaid Out of Pocket Expenses, or The proceeds

of which have been held for payment for the payment of future Out of Pocket Expenses, such as retainer, but only to the extent such payments are actually made out of such proceeds. In lieu of a Reversion, the XACP Entities may in their sole discretion requite a Transfer of all of the outstanding Newco equity securities (and securities exchangeable or convertible into equity securities of Newco, other than debt securities, which shall remain outstanding, provided that the exchange or conversion features of such debt securities shall automatically terminate upon the date of Transfer) to the XACP Entities. In the event of a Reversion, Newco, or; in the event of a Transfer the holders of Newco equity securities (pro rata in accordance with their respective equity interests in Newco), shall be entitled to a payment of twelve and one-half percent (12.5%) in the aggregate of the gross revenues (calculated in the same manner as payment of Gross Revenues to the XACP Entities set forth in this Agreement) generated by the license, sale or other use of the Intellectual Property and pursuit of claims against infringers of the Intellectual Property. Notwithstanding the foregoing, no Reversion or acceleration in the due date of the Purchase Price shall occur unless (x) in the event of a Default, said Default remains uncured for sixty (60) days after the date of the XACP Entities' written notice to Newco of such Default, provided however if a Default has occurred but no Payment Default has occurred, there shall not be a Reversion or acceleration in the due date of the Purchase Price if, at the time of the event triggering Reversion or acceleration in the due date of the Purchase Price, (i) Newco has initiated a lawsuit against an infringer of the Patents or for another claim relating to the Intellectual Property, (ii) Newco has entered into agreements, which are not in material default, with a third party or parties generating a minimum of $500,000 in annual Gross Revenues, or (iii) within thirty (30) days of the occurrence of the Default, Newco makes a payment to the XACP Entities of One Hundred Fifty Thousand dollars ($150,000) (the "Sum"), which payment shall be credited against subsequent Purchase Price Payment amounts due to the XACP Entities; or (y) in the event of a Payment Default, such Payment Default remains uncured for five (5) days after the date et the XACP Entities' written notice to Newco. So long as no Payment Default exists, no Reversion shall take place at any time during a calendar year when the Sum is paid, provided however that Newco may elect to pay the Sum in no more than three calendar years in the aggregate.

15. Restrictions on Transfer. The XACP Entities shall not transfer any equity or debt securities of Ozro owned by the XACP Entities or any rights granted thereunder without the written consent of Newco, and Conklin shall not transfer any equity or debt Securities of Ozro or Newco owned by Conklin or any rights granted thereunder without the written consent of the XACP Entities. In neither event shall consent be unreasonably withheld. Any such transfer shall be conditioned on the transferee agreeing to assume the obligations of the transferring party set forth in this Agreement

16. Successors and Assigns. Neither party may assign its rights or obligations pursuant to this Agreement unless the assignee shall agree in writing to be bound by the terms of this Agreement and provided further that neither party shall be entitled (i) to transfer their rights or obligations pursuant to this Agreement to any Prohibited Transferee; (ii) to

contact a Prohibited Transferee with respect to such a transfer; or (iii) to discuss a potential transfer with a Prohibited Transferee, without the consent of the other party, which consent maybe withheld for any reason.

17. Representations of Conklin Recording the Petition. Conklin represents that he knows of no other creditors who have agreed or threatened to join in an involuntary bankruptcy petition or claimants who have ,threatened or asserted claims against the XACP Entities (including the officers and directors of the XACP Entities) other than____, _____, _____ (collectively the "Creditors").

18. Representations and Warranties of the XACP Entities. In order to induce Newco to enter into this Agreement, the XACP Entitles Make the following representations and warranties to Newco, each of which shall be deemed to be independently material and relied upon by Newco, regardless of any investigation made by, or information known to, Newco.

a. Ownership, Organization and Qualification. XACP is a corporation validly existing and in good standing under the laws of the Slate of Delaware, the Co-Investment 2000 Fund, L.P. is a limited partnership validly existing and in good standing under the laws of the State of Delaware; and Cross Atlantic Technology Fund is a limited partnership validly existing and in good standing under the laws of the State of Delaware. Each XACP Entity has filed with the appropriate state agency the most recent annual report required to be filed by it, has not filed articles of dissolutions and has a perpetual period of existence. The XACP Entities have all requisite power and authority to conduct their business as now being conducted.

b. Authorization. Each XACP Entity has all necessary power and authority enter into and perform the transactions contemplated hereby in accordance with the terms and conditions hereof. The execution and delivery of this Agreement, and the performance by each XACP Entity of each of its obligations contained herein, have been duly approved by the governing body of each XACP Entity.

c. Enforceability. This Agreement is or, upon the execution and delivery thereof will be, the valid and binding obligation of each of the XACP Entities, enforceable against each of them in accordance with its terms.

d. Conflicting Obligations. The execution and delivery of this Agreement does not, and the consummation of the sale of the Intellectual Property contemplated hereby will not: (a) conflict with or violate any provisions of the articles or certificate of incorporation, by laws or operating agreement of the XACP Entities, as amended and in effect on and as of the date hereof And on and as of the Closing Date; (b) conflict with or violate any provisions of or result in the maturation or acceleration of, any obligation under any contract, agreement, instrument, document, lease, license, permit, indenture, or obligation, or any law, statute, ordinance, rule, regulation, code, guideline, order, arbitration award, judgment or decree, to which any of the XACP Entities is subject or to which any of the XACP Entities is a party, or (c) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which any of the XACP Entities is a party or by which any of the XACP Entities is bound or to which any of the assets of any of the XACP Entities is subject

e. Litigation. There is no litigation, claim, proceeding or investigation pending, or to the Knowledge of the XACP Entities, threatened, against the XACP Entities relating to the XACP Entities' ability to perform their obligations under this Agreement.

f. brokerage. On the Closing Date, the XACP Entities shall not have incurred, or made commitment for, any brokerage, finders or similar fee in connection with the transactions contemplated by this Agreement

g. Representations and Warranties True and Correct. The representations and warranties contained herein, and all other documents, certifications materials and statements or information given to Conklin or Newco by or on behalf of the XACP Entities or disclosed in this Agreement, do not include any untrue statement of a material fact or omit to state a material fact required to be stated herein or therein in order to make the statements herein or therein, in light of the circumstances under which they are made, not misleading.

19. Representations and Warranties of Conklin Individually and on Behalf of Newco. In order to induce the XACP Entities to enter into this Agreement, Conklin, individually and on behalf of Newco, makes the following representations and warranties to the XACP Entitles each of which shall be deemed to be independently material and relied upon by the XACP Entities, regardless of any investigation made by, or information known to, the XACP Entities.

a. Ownership, Organization and Qualification. On the Closing Date, Newco shall be & limited liability company duly incorporated or organized and validly existing and in good standing under the laws of the Commonwealth of Massachusetts, shall not have filed articles of dissolution and shall have a perpetual period of existence. Newco shall have on the Closing Date all requisite power and authority to own, operate and lease its properties and conduct its business as then and thereafter being conducted.

b. Authorization. On the Closing: Date, Newco shall have all necessary power and authority to enter into and perform the transactions contemplated hereby in accordance with the terms and conditions hereof. On the Closing Date Newco shall deliver to the XACP Entities a copy of the resolutions of Newco Board of Directors or Member, authorizing and approving the execution of this Agreement the performance by Newco of the transactions contemplated herby, certified by an officer of Newco. No other corporate authorization from Newco shall be required for the execution and delivery of this Agreement or the performance of its obligations hereunder.

c. Enforceability. This Agreement and all other agreements of Newco contemplated hereby are or, upon the execution thereof, will be the valid and binding obligations of Newco enforceable against it in accordance with their terms.

d. Conflicting. Obligations. The execution and delivery of this Agreement shall not, and the consummation of the Sale shall got: (a) conflict with or violate any provisions of the organizational documents of Newco; (b) conflict with or violate any provisions of; or result in the maturation or acceleration of any obligations under any contract, agreement, instrument, document, lease, license, permit, indenture, or obligation, or any law, statute, ordinance, rule, regulation, code, guideline, order, arbitration award, judgment or decree, to which Newco is subject or to which Newco is a party; or (c) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the tight to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which Newco is a party or by which it is bound or to which any of its assets is subject.

e: Litigation. There is no litigation, claim, proceeding or investigation pending, or to Conklin's knowledge, threatened, against Conklin or Newer] relating to Newco ability to perform its. obligations under this Agreement.

f. Brokerage. On the Closing Date, Newco shall not have incurred, or made commitment for, any brokerage, finders or similar fee in connection with the transactions contemplated by this Agreement.

g. Representations and Warranties True and Correct. The representations and warranties contained herein, and all other documents, certifications, materials and statements or information given to the XACP Entities by or on behalf of Conklin or Newco or disclosed in this Agreement, do not include any untrue statement of a material fact or omit to state a material fact required to be stated herein or therein in order to make the statements herein or therein, in light of the circumstances under which they are made, not misleading.

20. Release. The XACP Entities (including the officers, directors and professionals of the XACP Entities) hereby release and forever discharge Conklin and Newco; and Conklin, both in his individual

capacity and on behalf of Newco hereby, releases forever, discharge the XACP Entities (including the officers, directors and professionals of the XACP Entities); from any and all manner of actions, causes of action, suits, debts, accounts, contracts, claims, demands, agreements, controversies, judgments, obligations, damages and liabilities of any nature whatsoever whether or not now known, suspected, or claimed, which any of them ever had, now has, or hereafter may have, or claim to have, against the other by reason of any act, transaction, practice, conduct or omission of any of them or any matter, cause, effect, or thing of any kind whatsoever that arose or occurred prior to the date of this Agreement, including, but not limited to, any action, cause of action, suit, debt, account, contract, claim, demand, agreement, controversy, judgment, obligation, damage or liability of any nature whatsoever, arising out of relating to, or based upon, in whole or in part. (a) any act, transaction, practice, conduct, or omission of either of them or any matter, cause effect or thing arising or occurring prior to the date of this Agreement, actionable or claimed to be actionable under any statutory or common law of .the United States or any state thereof; (b) any cause or effect which existed or occurred, or presently exists, or may in the future exist or occur as a result of any act, transaction, practice, conduct or omission of either of them that arose or occured prior to the date of this Agreement; or (c) any other act, transaction, practice, conduct, omission, matter, cause, effect or thing that arose or occurred prior to the date of this Agreement and agree not to cooperate with any person or entity with respect thereto (collectively, the "Release"). By way of clarification, the XACP Entities, Newco and

Conklin do not Release each other from claims arising under this Agreements.

a. Release Warranty. The XACP Entities; Conklin and Newco represent and warrant that they have not sold, assigned, transferred, conveyed or otherwise disposed of any claim, demand or cause of action relating to any matter covered by the Release.

b. Agreement to Commence or Prosecute. The XACP Entities (including the officers, directors and professionals of the XACP Entities) agree never to commence or prosecute against Conklin or Newco; and Conklin, both in his individual capacity and on behalf of Newco, agrees never to commence or prosecute against the XACP Entities (including the officers, directors and professionals of the XACP Entities); in any action or proceeding any demands, causes of action, obligations, damages, or liabilities of any nature whatsoever, whether or not now known, suspected of claimed, which either of them ever had, has, or hereafter may have, against the other, by reason of any act, transaction, practice, conduct or omission of any of them that arose, or occurred prior to the date of this Agreement, and agree not to cooperate with any person or entity with respect thereto.

c. Successors. This Release shall, inure to the benefit of the XACP Entities, Newco and Conklin, their predecessors, successors, parents, divisions, subsidiaries, affiliates, representatives, assigns, officers, directors, stockholders, agents and employees.

21. Conditions to Newco's Obligation to Close. The obligation of Newco to Clone on the Sale shall tie subject to the satisfaction and fulfillment, prior to

and on the Closing Date, of the following express conditions precedent.

a. Representation and Warranties. The representations and warranties in this Agreement made by the XACP Entities shall be true and correct in all material respects as of and at the Closing Date with the same force and effect as though said representations and warranties had been again made on the Closing Date.

b. Performance of Covenants and Obligations. The XACP Entities shall have performed and complied with all of their covenants and obligations under, this Agreement which are to be performed or complied with by it prior to or on the Closing Date.

c. Proceedings and Instruments Satisfactory. All proceedings, corporate or otherwise, to be taken in connection with the transactions contemplated by this Agreement, and all documents incident thereto, shall be reasonably satisfactory in form and substance to Newco.

d. Consents, Approvals. Certifications, Licenses and Permits. All necessary consents, approvals, certifications, licenses and permits with respect to the transaction contemplated hereby, including, without limitation, the Sale of the Secured Intellectual Property to Newco, the absence of which would have a material adverse effect on. Newco's rights under this Agreement shall have been received by Newco on or before the Closing Date.

e. Assignments. XACP Entities shall have prepared and delivered to Newco all documents necessary or appropriate to sell and assign to Newco title to the Secured Intellectual Property, including without limitation, any known Patents and applications thereto in each country where such Patents or patent applications are issued or pending, or, if expired, may be revived and the right to sue for past infringement, which is subject to the security interests of the XACP Entities granted in this Agreement.

f. Release. The XACP Entities shall have delivered to Newco a mutual release executed by Barry Borden in a form reasonably acceptable to Newco and releasing Newco and Conklin on substantially the same terms as the release by the XACP Entities granted pursuant to Section 20 of this Agreement.

22. Conditions to the XACP Entities' Obligation to Close. The obligation of the XACP Entities to Close on the Sale shall be subject to the satisfaction and fulfillment, prior to and on the Closing Date, of the following express conditions precedent:

a. Representations and Warranties. The representations and warranties in this Agreement made by Newco and Conklin shall be true and correct in all material respects as of and at the Closing Date With the same force and effect as though said representations and warranties had been again made on the Closing Date, and the XACP Entities shall have been furnished a certificate signed by Conklin to that effect.

b. Performance of Covenants and Obligations. Newco and Conklin shall have performed and complied with all of its and/or his covenants and obligations under this Agreement which are to be performed or complied with by it and/or him prior to. or on the Closing Date, and the XACP Entities shall have been finished a certificate signed by Newco to that effect.

c. Proceedings and Instruments Satisfactory. The shareholders or, as relevant, partners of the XACP Entities shall have approved the transactions contemplated by this Agreement. All proceedings, corporate or otherwise, to be taken in connection with the transactions contemplated by this Agreement, and all documents incident thereto, shall be reasonably satisfactory in form and substance to the XACP Entities; and, Newco and Conklin shall have made available to the XACP Entities for examination the originals or true and correct copies of all documents which the XACP Entities reasonably may request in connection with the transactions contemplated by this Agreement.

d. Ratification by Newco. Newco shall have taken all action necessary to ratify the actions taken on its behalf and executed this Agreement

e. Release. Newco shall have delivered to the XACP Entities (i) a mutual release accented by Creditors in a form reasonably acceptable to the XACP Entities and releasing the XACP Entities and Borden on substantially the same terms as the release by Newco and Conklino granted pursuant to Section 20 of this Agreement; and (ii) a mutual release execute by Newco and Conklin in a form reasonably acceptable to the XACP Entities and releasing Barry Borden on substantially the same terms as the release by Newco and Conklin granted pursuant to Section 20 of this Agreement.

f. Security Interest. All actions shall have been taken which are necessary or desirable in the XACP Entities' reasonable discretion to grant the XACP Entities a valid and perfected first priority Security Interest.

23. Automatic Termination. In the event that: (a) the XACP Entities do not acquire the Secured Intellectual Property at the Public Auction or (b) the Sale does not Close within one hundred twenty (120)

days after the Effective Date, the Agreement, including without limitation, the provisions of the release set forth in Section 20, shall automatically terminate and redeemed void *ab initio* and of no further force and effect.

24. Rights to Terminate. This Agreement may be terminated at any time prior to the Closing only by mutual written consent of the XACP Entities and Conklin.

25. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the conflicts-of-laws principles thereof.

26. Notices. All notices and other Communications under this Agreement shall be in writing and shall be furnished by personal delivery, overnight courier service or registered or certified mail to the relevant party at the addresses set forth below. Any such notice shill be duly given upon the date it is delivered to the addresses shown below, addressed as follows:

If to Conklin or Newco:

Jeffery M Conklin
41 Rutland Square
Boston, MA 02118

With a copy to:

Gregory L. White, Esq
Seyfarth Shaw
Two Seaport Lane
Boston, MA 02210

If to XACP or any of the XACP Entities:

Cross Atlantic Capital Partners, Inc.
5 Radnor Corporate Center, Suite 555

100 Matsonford Road
Radnor, PA 19087

With a copy to:

William H. Schorling, Esq.
Klett Roomy Lieber & Schorling
Two Logan Square, 12th Floor
Philadelphia, PA 19103

27. Amendment. This Agreement shall be binding upon the parties and may not be abandoned, supplemented, changed or. modified in any manner, orally or otherwise, except by an instrument in writing of concurrent for subsequent date signed by a duly authorized representative of the parties hereto.

28. Severability. Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected thereby and said illegal and invalid part, term or provision shall be deemed not to be a part of this Agreement.

29. Voluntary Assent. Each party affirms that no other promises or agreements of have been made to or with such party by any person or entity whatsoever to cause such party to sign this Agreement; and that each party fully understands the meaning and intent of this Agreement. Each party states and represents that Such party has had an opportunity to fully discuss and review the terms of this Agreement with an attorney. Each party further states and represents that such party has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs such party's name of such party's own free act.

30. Counterparts and Facsimiles. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. The signature of any party delivered by facsimile transmission shall bind such party and such facsimile signature shall be deemed an original, notwithstanding the failure of such party subsequently to deliver a counterpart bearing its signature in ink.

31. Entire Agreement. This Agreement and the Exhibits hereto constitute the sole and entire agreement of the parties with respect to the subject matter hereof

32. Arbitration. Any dispute arising from, or relating to whether an action that is expressly required to be "reasonable" under this Agreement is in fact reasonable shall be submitted to binding .arbitration before an arbitrator chosen in accordance with the arbitration provisions in Section 13 of this Agreement. Such arbitration shall be held in accordance with the rules of the American Arbitration Association, and the parties agree to apply the Expedited Procedures of the American Arbitration Association to the arbitration. Each party will initially be responsible for its own costs in connection with such arbitration, provided that the arbitrator shall include in his award such costs (including reasonable attorneys' fees) incurred by the party in whose favor the award is rendered and consistent with the provisions hereof. The award rendered in such arbitration shall be binding, and judgment on such award may be entered in any court of competent jurisdiction.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO SETTLEMENT AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement, in any number of counterparts, as of June _4_, 2003;

/s/ Jeffrey M. Conklin
By: Jeffrey M. Conklin, Individually

CROSS ATLANTIC CAPITAL PARTNERS, INC.

____
By: Glenn T. Rieger, President

CROSS ATLANTIC TECHNOLOGY FUND, L.P.

____
By: XATF Management, L.P., its General Partner

CROSS ATLANTIC CAPITAL PARTNERS, INC.

____
By: Glenn T. Rieger, President

THE CO-INVESTMENT 2000 FUND, L.P.

By: Co-Incest Management 2000 Fund, its General Partner

CO-INVEST CAPITAL PARTNERS, INC.

____
By: Glenn T. Rieger; Executive V. P.

SIGNATURE PAGE TO SETTLEMENT AGREEMENT

IN WITNESS WHEREOF the undersigned have executed this Agreement, in any number of counterparts, as of June 4, 2003.

____
By: Jeffrey M. Conklin, Individually

CROSS ATLANTIC CAPITAL PARTNERS, INC.

/s/ Glenn T. Rieger
By: Glenn T. Rieger, President

CROSS ATLANTIC TECHNOLOGY FUND, L.P.

/s/ Glenn T. Rieger
By: XATF Management, L.P., its General Partner

CROSS ATLANTIC CAPITAL PARTNERS, INC.

/s/ Glenn T. Rieger
By: Glenn T. Rieger, President

THE CO-INVESTMENT 2000 FUND, L.P.

By: Co-Incest Management 2000 Fund, its General Partner

CO-INVEST CAPITAL PARTNERS, INC.

/s/ Glenn T. Rieger
By: Glenn T. Rieger; Executive V. P.

Counterpart Signature Page to Settlement Agreement dated June 4, 2003

The undersigned hereby agrees to become a party to, and to be bound by the Settlement. Agreement (the "Settlement Agreement") dated as of June 4, 2003 by and among Cross Atlantic Capital Partners, Inc. ("XACP"), The Co-Investment 2000 Fund, L.P. ("2000 Fund"); Cross Atlandic. Technology Fund, L.P. ("Technology Fund," and, with the 2000 Fund and XACP, the "XACP Entitles") and Jeffrey M. Conklin, as provided by Section 10c of the Settlement Agreement.

The undersigned further acknowledges and agrees that it is "Newco" as such term is defined in the Settlement Agreement.

IN WITNESS WHEREOF, the undersigned have executed this counterpart signature page to the Settlement Agreement, in any number of counterparts, as of July 22 , 2003.

WHITELIGHT TECHNOLOGY, LLC

/s/ Jeffrey M. Conklin
By: Jeffrey M. Conklin Manager

SCHEDULE 1K

Intellectual Property

The Intellectual Property, includes, without limitation all of Ozro's right; title and interest throughout the world in; to and under the following:

Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now existing, created, acquired or held including without limitation those set forth on EXHIBIT A attached hereto (collectively, the "Copyrights");

Any and all trade secrets, and any and all intellectual property nights in computer software and computer software products, now existing, created, acquired or held;

Any and all design patents, design patent applications, design registrations, design registration applications and design rights which may be available to Ozro now existing, created, acquired or held;

All inventions, rights to apply for patents, patents patent applications and like protections Including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same and rights of priority related thereto now existing anywhere in the world, including without limitation the patents and patent applications set forth on EXHIBIT B attached hereto (collectively, the "Patents");

Any trademarks, servicemakes, tradenames, domain names, corporate names, logos and designs, whether registered or not, applications to register and registrations of the same and like protections now existing anywhere in the world, and the entire goodwill of the business of Ozro connected with and symbolized by such trademarks, including without limitation those set forth on EXHIBIT C attached hereto (collectively, the "Trademarks"), but excluding any U.S. Federal trademark or service mark registration application filed under 15 U.S.C. Section 1051(b);

Any and all claims for damages by way of past, present and Suture infringements of any of the rights included herein with the right but not die obligation, to for and such damages for said use or infringement of the intellectual property rights identified herein;

All licenses or other rights to use any of the Copyrights, Patents, or Trademarks and all license fees and royalties arising from such use to the extent permitted by such license or rights;

All amendments, extensions, and renewals of any of the Copyrights, Trademarks, or Patents; and

All contract rights, general intangibles, confidential information, instruments and documents of title, computer program source and object code, documentation, accounts, accounts receivable; chattel paper; books, records, and information relating to the intellectual property rights identified herein in whatsoever countries.

All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

EXHIBIT "A"

COPYRIGHTS

SCHEDULE A - ISSUED COPYRIGHTS

COPYRIGHT DESCRIPTION	REGISTRATION NUMBER	DATE OF ISSUANCE

NONE

SCHEDULE B -PENDING COPYRIGHT APPLICATIONS

COPYRIGHT DESCRIPTION	APPLICATION NUMBER	DATE OF FILING	CREATION	FIRST DATE OF PUBLIC DISTRIBUTION

NONE

SCHEDULE C - UNREGISTERED COPYRIGHTS (Where No Copyright Application is Pending

DESCRIPTION

EcommBuilder ™
Negotiation Platform

The Dynamic
Agreement
eProcurement
Application

The Dynamic
Agreement
Negotiation
Engine

Ozro Negotiate™
Negotiation Engine
Application

Ozro Agreement™
for Procurement
Application

Ozro Agreement™ for
Trade Settlement
Application

Ozro Agreement™
for Sales Application

EXHIBIT "B"

PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing/ Issue Date	Status
System for Iterative, Multivariate Negotiations over a Network	ET-98-001	USA	6,141,653	10/31/00	Issued
System and method for providing and updating user supplied context for a negotiations system	ET98-003	USA	6,338,050	1/08/02	Issued
System and method for representing data and providing electronic non-repudiation in a negotiations system	ET98-006	USA	6,336,105	1/1/02	Issued
System and Method for ordering sample quantities over a network	ET98-007	USA	6,332,135	12/18/01	Issued
System for Iterative, Multivariate Negotiations over a Network	ET98-001 PCT	USA	PCT/US99/ 27151	11/16/99	Abandoned
Iterative Bargaining System	ET98-002PCT	USA	PCT/US99/272 24	11/16/99	Abandoned
International Transaction Processing Center	ET98-003PCT	USA	PCT/US99/272 21	11/16/99	Abandoned
Integrated Remote Web Authoring System	ET98-004PCT	USA	PCT/US99/272 19	11/16/99	Abandoned
Sponsored Community System and Method	ET98-005PCT	USA	PCT/US99/271 86	11/16/99	Abandoned
Electronic Non-Repudiation System and Method	ET98-006PCT	USA	PCT/US99/271 83	11/16/99	Abandoned
System & Method for an Automated System of Record	ET00-001CIP	USA	09/702,062	10/30/00	Pending
System and Method for Higher Level Security & Validation	ET00-002CIP	USA	09/702,061	10/30/00	Abandoned

System & Method for Multiple Repositories	ET00-003CIP	USA	09/702,065	10/30/00	Abandoned
System & Method for Dynamic Contracts	ET00-004CIP	USA	09/702,063	10/30/00	Abandoned
System & Method for Contract Authority	ET00-005CIP	USA	09/702,050	10/30/00	Pending
System & Method for Active Templates	ET00-006CIP	USA	09/702,010	10/30/00	Abandoned
System & Method for Automated, Iterative, Development Negotiations	ET00-007CIP	USA	09/702,049	10/30/00	Pending
System & Method for Process Mining	ET00-008CIP	USA	09/702,128	10/30/00	Pending
System for Iterative, Multivariate Negotiations over a Network	ET98-001 EPO	EPO	EPO Application No. 999603954	Priority from 11/16/98	Abandoned
System for Iterative, Multivariate Negotiations over a Network	ET98-001 IND	India	Based on PCT/US99/27151	Priority from 11/16/98	Abandoned
System & Method for an Automated System of Record	ET00-001 PCT	USA	WO2001US 48285	10/30/01	Abandoned
System & Method for Contract Authority	ET00-005 PCT	USA	WO0237738	10/30/01	Abandoned
System & Method for Automated, Iterative, Development Negotiations	ET00-007 PCT	USA	WO02056134	10/30/01	Abandoned
System & Method for Process Mining	ET00-008 PCT	USA	WO0248834	10/30/01	Abandoned

EXHIBIT "C"

TRADEMARKS

TRADEMARK DESCRIPTION	COUNTRY	SERIAL NO.	REG NO.	STATUS
TRADE ACCESS	US	75/182,907	2,327,514	Registered 3-14-2000

UNREGISTERED TRADEMARKS

DESCRIPTION

OZRO

ECOMMBUILDER ™
NEGOTIATION PLATFORM

THE DYNAMIC
AGREEMENT
EPROCUREMENT
APPLICATION

THE DYNAMIC
AGREEMENT
NEGOTIATION
ENGINE

OZRO NEGOTIATE™
NEGOTIATION ENGINE
APPLICATION

OZRO AGREEMENT™
FOR PROCUREMENT
APPLICATION

OZRO AGREEMENT™ FOR
TRADE SETTLEMENT
APPLICATION

OZRO AGREEMENT™
FOR SALES APPLICATION

EXHIBIT "D"
LICENSES

1. Strategic Technology Partner Software Agreement between Ozro and Procurepoint.com dated December 22, 1999;
2. Software License and Sublicense Agreement between Ozro and World Commerce Online, Inc., dated May 31, 2000;
3. Amended and Restated Master Alliance Agreement between Ozro and Andersen Consulting LLP, dated August 31,2000; and
4. License agreement between 1-many, Inc_ and Ozro, dated______.

SCHEDULE 4

Assignment and Bill of Sale Agreement

ASSIGNMENT

This Agreement, effective as of ______ ("Effective Date"), is by and among Cross Atlantic Capital Partners, Inc. ("XACP"), The Co-Investment 2000 Fund, L.P. ("2000 Fund"), Cross Atlantic Technology Fund, L.P. ("Technology Fund," and, with the 2000 Fund and XACP, the "XACP Entities") and Newco, a __________ organized and existing under the laws of the State of ____________ ("Newco").

1. The XACP Entities own U.S. Patent No. ______ and the invention disclosed and claimed therein.
2. Newco desires to own U.S. Patent No._______, the invention disclosed and claimed therein, any other U.S patents or applications that rely on U.S. Patent No ______for priority, and any reexamination or reissue of U.S. Patent No. ______
3. Accordingly, for execution of the Settlement Agreement on______. and other good and valuable consideration, receipt of which is hereby acknowledged, the XACP Entities hereby assign to Newco all right, title, and interest in and to U.S. Patent No. ______ the invention disclosed and claimed therein, any other United States Patent or application that relies for priority on U.S. Pafemnt No. ______; and any reexamination or reissue of U.S. Patent No. ______
4. The XACP Entities further assign to Newco all causes of action and associated damages for any and all acts of infringement of U.S. Patent No

_______that may have occurred prior to the date of this Assignment.

5. The XACP Entities hereby authorize and request the U.S. Patent and Trademark Office to record this Assignment and, to the extent it assigns pending applications, to issue all Letters Patent issuing there from to Newco in accordance with the terms of this Assignment.
6. This Assignment and all rights granted herein shall inure to the benefit of the successors and assigns of Newco.
7. This Agreement shall be construed and enforced pursuant to the laws of the Commonwealth of Pennsylvania.

WHEREFORE, the parties have signed this Agreement effective as of the date first set forth above.

Newco

By: ________________
Title:________________

Cross Atlantic Capital Partners, Inc.

By: ________________
Title:________________

The Co-Investment 2000 Fund

By:________________
Title:________________

Cross Atlantic Technology Fund, L.P.

By:________________
Title:________________

BILL OF SALE

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound hereby, Cross Atlantic Capital Partners, Inc" a Delaware corporation, The Co-Investment 2000 Fund,. LP., a Delaware limited partnership; and Cross Atlantic Technology Fund, L.P. a Delaware limited partnership (collectively "Seller"), as of _______ does hereby grant, sell, convey, transfer, assign and deliver to_______ [Newco] ("Buyer"), its successors and assigns, all of Seller's right, title and interest, in, to and under, Intellectual Property as defined in the Settlement Agreement between Buyer and Seller dated _______ 2003, including, without limitation, the right to sue for past infringement or misappropriation, and Buyer does hereby accept such grant, sale, conveyance, transfer, assignment and delivery. Buyer hereby acknowledges that Seller is making no representation or warranty, including but not limited to representations or warranties of title, with respect to the Intellectual Property being conveyed hereby except as specifically set forth in the Agreement.

This Bill of Sale shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to the conflict of laws rules thereof.

This Bill of Sale may be executed in any number of counterparts and by the partners hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

One of more counterparts of this Bill of Sale may be delivered via telecopier or facsimile with the intention that it or they shall have the same effect as the delivery of an original counterpart hereof.

IN WITNESS WHEREOF, the undersigned have duly executed this Bill of Sale as of the date first above written.

Cross Atlantic Capital Partners, Inc.

By: ______________
Title:______________

The Co-Investment 2000 Fund

By:______________
Title:______________

Cross Atlantic Technology Fund, L.P.

By:______________
Title:______________

APPENDIX L

NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL (NON-CONSUMER TRANSACTION)

July 2, 2003

To:

From: Cross Atlantic Capital Partners, Inc., as agent for Cross Atlantic Technology Fund, L.P. and The Co-Investment 2000 Fund, L.P.
Five Radnor Corporate Center, Suite 555
100 Matsonford Road
Radnor, PA 19087

Name of Debtor(s): OZRO, INC. f/k/a TradeAccess, Inc.
P.O. Box 688
Bala Cynwyd, PA 19004

NOTICE OF PUBLIC DISPOSITION

We will sell the property set forth on the Addendum to this Notification to the highest qualified bidder in public as follows:

Day and Date: Monday, July 14, 2003

Time: 11:00 aim. EDT

Place: In the offices of
Klett Rooney Lieber & Schorling
Two Logan Square,
12th Floor Philadelphia, PA 19103

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell for a charge of $250.00. You may request an accounting by contacting the following:

Brian Adamsky, Chief Financial Officer
Cross Atlantic Capital Partners, Inc.
Five Radnor Corporate Center
Suite 555
100 Matsonford Road
Radnor, PA 19087
(610) 995-2650 (telephone)
(610) 971-2062 (facsimile)

William H. Schorling, Esquire
Klett Rooney Lieber & Schorling
Two Logan Square, 12th Floor
Philadelphia, PA 19103
(215) 567-7500 (telephone)
(215) 567-2737 (facsimile)

Attorneys for Cross Atlantic Capital Partners, Inc.

ADDENDUM TO NOTIFICATION OF PUBLIC DISPOSITION OF COLLATERAL

The property (the "Collateral") to be sold at the public sale set forth in the foregoing Notification shall include the following:

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or hold;

(c) Any and all design patents, design patent applications, design registrations, design registration applications, and design rights which may be available to the Debtor now or hereafter existing, created, acquired or held;

(d) All inventions, rights to apply for patents, patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, reexaminations, extensions and continuations-in-part of the same and rights of priority related thereto now existing anywhere in the world or hereafter acquired or held, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(e) Any trademarks, servicemarks, tradenames, domain names, corporate names, logos and designs, whether registered or not, applications to register and registrations of the same and like protections now existing anywhere in the world or hereafter adopted or acquired, and the entire goodwill of the business of the Debtor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks"), but excluding any U.S. Federal trademark or service mark registration application filed under 15 U.S.C. Section 1051(b) until such time as the filing in such application of an amendment under 15 U.S.C. Section 1051(c) to bring the application into conformity with 15 U.S.C. Section 1051(a) or the filing of a verified statement of use under 15 U.S.C. Section 1051(d);

(f) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(g) All licenses or other rights to use any of the Copyrights, Patents, or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(h) All amendments, extensions and renewals of any of the Copyrights, Trademarks, or Patents; and

(i) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

Notwithstanding anything to the contrary herein contained, the Collateral shall not include any license or other contract which by its terms prohibits the Debtor from granting a security interest therein.

Exhibit "A" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "A"

COPYRIGHTS

SCHEDULE A - ISSUED COPYRIGHTS

COPYRIGHT DESCRIPTION	REGISTRATION NUMBER	DATE OF ISSUANCE

NONE

SCHEDULE B -PENDING COPYRIGHT APPLICATIONS

COPYRIGHT DESCRIPTION	APPLICATION NUMBER	DATE OF FILING	CREATION	FIRST DATE OF PUBLIC DISTRIBUTION

NONE

SCHEDULE C - UNREGISTERED COPYRIGHTS (Where No Copyright Application is Pending

Copyright Description	Date Of Creation	First Date Of Distribution	Date And Recordation Number Of IP Agreement With Owner Or Original Grantor If Author Or. Owner Of Copyright Is Different From Grantor	Original Author Or Owner Of Copyright Is Different From Grantor
The Dynamic Agreement	v1- (6/21/00)	v1 - (6/21/00)	N/A	N/A
eProcurement Application	v2 - (10/03/00)	v2 - (10/03/00)	N/A	N/A
The Dynamic Agreement	v1 - (6/21/00)	v1 - (6/21/00)	N/A	N/A
Negotiation Engine	v2 - (10/03/00)	v2 - (10/03/00)	N/A	N/A

Exhibit "B" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "B"

PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing/ Issue Date	Status
System for Iterative, Multivariate Negotiations over a Network	ET-98-001	USA	6,141,653	10/31/00	Issued
International Transaction Processing System	ET98-003	USA	09/192,729	11/16/98	Pending
Electronic Non-Repudiation System and Method	ET98-006	USA	09/192,979	11/16/98	Pending
System and Method for Ordering Sample Quantities over a Network	ET98-007	USA	09/192,848	11/16/98	Pending
System for Iterative, Multivariate Negotiations over a Network	ET98-001 PCT	USA	PCT/US99/27151	11/16/99	Pending
Iterative Bargaining System	ET98-002PCT	USA	PCT/US99/27224	11/16/99	Pending
International Transaction Processing Center	ET98-003PCT	USA	PCT/US99/27221	11/16/99	Pending
Integrated RemoteWeb Authoring System	ET98-004PCT	USA	PCT/US99/27219	11/16/99	Pending
Sponsored Community System and Method	ET98-005PCT	USA	PCT/US99/27186	11/16/99	Pending
Electronic Non-Repudiation System and Method	ET98-006PCT	USA	PCT/US99/27183	11/16/99	Pending
System and Method for an Automated System of Record	ET00-001CIP	USA	09/702,062	10/30/00	Pending
System and Method for Higher Level Security and Validation	ET00-002CIP	USA	09/702,061	10/30/00	Pending
System and Method for Multiple Repositories	ET00-003CIP	USA	09/702,065	10/30/00	Pending

System and Method for Dynamic Contracts	ET00-004CIP	USA	09/702,063	10/30/00	Pending
System and Method for Contract Authority	ET00-005CIP	USA	09/702,050	10/30/00	Pending
System and Method for Active Templates	ET00-006CIP	USA	09/702,010	10/30/00	Pending
System and Method for Automated, Iterative, Development Negotiations	ET00-007CIP	USA	09/702,049	10/30/00	Pending
System and Method for Process Mining	ET00-008CIP	USA	09/702,128	10/30/00	Pending

Exhibit "C" attached to that certain Intellectual Property Security Agreement dated April __, 2001.

EXHIBIT "C"

TRADEMARKS

TRADEMARK DESCRIPTION	COUNTRY	SERIAL NO.	REG. NO.	STATUS REGISTERED
TRADE ACCESS	US	75/182,907	2,327,514	3-14-2000

FIELDNAMES (Name; Address) ENDRECORD

Silicon Valley Bank ENDFIELD
3003 Tasman Drive
Santa Clara, CA 95054
Attention: Michelle D. Giannini ENDFIELD
ENDRECORD

3i Technology Partners, L.P. ENDFIELD
890 Waltham Street, Suite 160
Waltham, MA 02451
Attention: Marko Maschek ENDFIELD
ENDRECORD

Leasetec Systems Credit ENDFIELD
75 Second Avenue, Suite 200
Needham Heights, MA 02494 ENDFIELD
ENDRECORD

Newcourt Leasing Corporation ENDFIELD
550 Cochituate Road
Framingham, MA 01701 ENDFIELD
ENDRECORD

Ozro, Inc. f/k/a Trade Acess, Inc. ENDFIELD
P.O. Box 688
Bala Cynwyd, PA 19004
Attention: Barry Borden ENDFIELD
ENDRECORD

Jeffrey M. Conklin ENDFIELD
41 Rutland Square
Boston, MA 02118-31 05 ENDFIELD
ENDRECORD

David Fouther ENDFIELD
533 Columbus Avenue, #1
Boston, MA 02118 ENDFIELD
ENDRECORD

Daniel Foucher ENDFIELD
195 South Road
Bedford, MA 01730 ENDFIELD
ENDRECORD

Maureen Stretch ENDFIELD
26 Charles Street
Natick, MA 01760 ENDFIELD
ENDRECORD

Christopher E. Kondracki ENDFIELD
2001 Jefferson Davis Highway
Suite 505
Arlington, VA 22202 ENDFIELD
ENDRECORD

William H. Murray ENDFIELD
Duane, Mortis & Heckscher, LLP
One Liberty Place
Philadelphia, PA 19103-7396 ENDFIELD
ENDRECORD

William J. Flanagan ENDFIELD
58 Hillcrest Road ENDFIELD
Belmont, MA 02478
ENDRECORD

Cross Atlantic Capital Partners, Inc. ENDFIELD
Five Radnor Commute Center, Suite 555
100 Matsonford Road
Radnor, PA 19087
Attention: Brian Adamsky ENDFIELD
ENDRECORD

I-Many, Inc. ENDFIELD
511 Congress Street
Portland, ME 04101
Attention: Kevin F. Collins, CFO ENDFIELD
ENDRECORD

Thomas Harris, Esquire ENDFIELD
19800 McArther Boulevard
Suite 1425
Irvine, CA 92612-2495 ENDFIELD
ENDRECORD

APPENDIX M

[Logo] BSC America

Atlantic Auctions, Inc.
802 Belair Road
P.O. Box 516
Bel Air, Maryland 21014-0516
Phone 410-801-4160
Fax410-801-5242
www.altanticauctions.com

July 18, 2003

Mr. Terry A. Shulsky, Esquire
Klett Rooney Lieber & Schorling
A Professional Corporation
Attorneys At Law
40th Floor, One Oxford Centre
Pittsburgh, Pennsylvania 15219-6498
Re: Cross Atlantic/Ozro Intellectual Property
Assets/Atlantic Auctions #230003

Dear Mr. Shulsky:

Atlantic Auctions, Inc. conducted the public auction sale of Ozro, Inc.'s (f/k/a TradeAccess, Inc.) intellectual property within the Philadelphia, PA, offices of Klett Rooney Lieber & Schorling, Two Logan Square, 12th Floor, on Monday, July 14, 2003, commencing the sale at approximately 10:30 a.m. Eastern Daylight Time. Attendees at the sale included: Robert W. Kline, Assistant Vice President, Atlantic Auctions, Inc.; Larry L. Martin, Pennsylvania Licensed Auctioneer, Teny A. Shulsky, Esquire, Klett Rooney Lieber & Schorling representing the secured party; Craig Vaughn representing Cross Atlantic Capital Partners, Inc.; Jeffery Conklin; Lauren Lenfest; Patrick Igoe; and, Rhonda Thomas.

The intellectual property assets were offered for sale in two offerings. The first sale was to foreclose on the security interest originally held by Silicon Valley Bank that was subsequently assigned to Cross Atlantic. Cross Atlantic foreclosed on this first priority security interest as assignee of this interest. The second sale was to foreclose on the security interest originally held by Cross Atlantic. Cross Atlantic was the only bidder and it, through its representative Craig Vaughn, purchased the assets for $100,000.

The notice of sale was advertised to the public in the Philadelphia Inquirer and in the Global Edition of the Wall Street Journal as specified in the attached Atlantic Auctions, Inc. invoice.

Respectfully submitted,

/s/Robert W. Kline
Robert W. Kline

APPENDIX N

ASSIGNMENT

This Assignment (the "Assignment") made as of this 22 day of July, 2003, is by and among Cross Atlantic Capital Partners, Inc. ("XACP"), The Co-Investment 2000 Fund, L.P. ("2000 Fund"), Cross Atlantic Technology Fund, L.P. ("Technology Fund," and, with the 2000 Fund and XACP, the "XACP Entities") and Whitelight Technology, LLC, a Limited Liability Company organized and existing under the laws of the Commonwealth of Massachusetts ("Whitelight," in its role as Newco as that term is defined in the Settlement Agreement dated June 4, 2003 by and among the XACP Entities and Jeffery M. Conklin (the, "Settlement Agreement")].

1. The XACP Entities own U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050; 09/702,049; 09/702,128, and the inventions disclosed and claimed therein.

2. Whitelight desires to own U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050; 09/702,049; 09/702,128, and the inventions disclosed and claimed therein, any other U.S. patents or applications that rely on U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050; 09/702,049; 09/702,128 for priority, and any reexamination or reissue of U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050; 09/702,049; 09/702,128.

3. Accordingly, for execution of the Settlement Agreement, and other good and valuable consideration, receipt of which is hereby acknowledged, the XACP Entities hereby assign to Whitelight all right, title, and interest in and to U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050; 09/702,049; 09/702,128, the inventions disclosed and claimed therein, any other United States patent or application that relies for priority on U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050; 09/702,049; 09/702,128, and any reexamination or reissue of U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050; 09/702,049; 09/702,128.

4. The XACP Entities further assign to Whitelight all causes of action and associated damages for any and all acts of infringement of U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050; 09/702,049; 09/702,128 that may have occurred prior to the date of this Assignment.

5. The XACP Entities hereby authorize and request the U.S. Patent and Trademark Office to record this Assignment and, to the extent it assigns pending applications, to issue all Letters Patent issuing therefrom to Whitelight in accordance with the terms of this Assignment.

6. Whitelight hereby acknowledges that the XACP Entities are making no representation or warranty, including but not limited to representations or warranties of title, with respect to U.S. Patent Nos. 6,141,653; 6,338,050; 6,336,105; 6,332,135 and U.S. Application Serial Nos. 09/702,062; 09/702,050;

09/702,049; 09/702,128, and the inventions disclosed and claimed therein being assigned hereby except as specifically set forth in the Settlement Agreement.

7. This Assignment and all rights granted herein shall inure to the benefit of the successors and assigns of Whitelight.

8. This Assignment shall be construed and enforced pursuant to the laws of the Commonwealth of Pennsylvania.

WHEREFORE, the parties have signed this Assignment effective as of the data first set forth above.

Whitelight Technology, LLC

By: /s/ Jefferey M. Conklin
Jefferey M. Conklin, Manager

On this __ day of ____, 2003, before me personally appeared__________ known to me to be the person described in and who executed the foregoing instrument, and who acknowledged that he/she executed the same as his/her free act and deed.

____
Notary Public
My Commission Expires:________

Cross Atlantic Capital Partners, Inc.

By:__________

Title:____________

On this __ day of _____, 2003, before me personally appeared__________ known to me to be the person described in and who executed the foregoing instrument, and who acknowledged that he/she executed the same as his/her free act and deed.

____
Notary Public
My Commission Expires:________

WHEREFORE, the parties have signed this Assignment effective as of the date fast set forth above.

Whitelight Technology, LLC

By: ____________________

Jefferey M. Conklin, Manager

On this __ day of _____, 2003, before me personally appeared__________ known to me to be the person described in and who executed the foregoing instrument, and who acknowledged that he/she executed the same as his/her free act and deed.

____

Notary Public

My Commission Expires:_________

Cross Atlantic Capital Partners, Inc.
By: /s/ Glenn T. Rieger
Title: President

On this 22nd day of July, 2003, before me personally appeared Glenn T. Rieger known to me to be the person scribed in and who executed the foregoing instrument, and who acknowledged that he/she executed the same as his/her free act and deed.

Virginia A. Cutlip,
Notary Public
My Commission Expires: March 29, 2007

NOTORIAL SEAL
Virginia A. Cutlip, Notary Public [SEAL]
Radnor Twp., Delaware County
My Commission Expires: March 29, 2007

The Co-Investment 2000 Fund, L.P.

By: /s/ Glenn T. Rieger
Title: Managing Director

On this 22nd day of June, 2003, before me personally appeared Glenn Rieger known to me to be the person scribed in and who executed the foregoing instrument, and who acknowledged that he/she executed the same as his/her free act and deed.

Virginia A. Cutlip,
Notary Public
My Commission Expires: March 29, 2007

NOTORIAL SEAL
Virginia A. Cutlip, Notary Public [SEAL]
Radnor Twp., Delaware County
My Commission Expires: March 29, 2007

Cross Atlantic Technology Fund, L.P.
By: /s/ Glenn T. Rieger
Title: Managing Director

On this 22nd day of June, 2003, before me personally appeared Glenn Rieger known to me to be the person scribed in and who executed the foregoing instrument, and who acknowledged that he/she executed the same as his/her free act and deed.

Virginia A. Cutlip,
Notary Public
My Commission Expires: March 29, 2007

NOTORIAL SEAL
Virginia A. Cutlip, Notary Public [SEAL]
Radnor Twp., Delaware County
My Commission Expires: March 29, 2007

APPENDIX O

US PATENT AND TRADEMARK OFFICE

Assignments, Powers of Attorney	Referenced Items (59, 60, 61, 62, 63, 64, 65, 66)

Recordability of Foreclosures for Assignment Purposes

It has been the practice of the Assignment Branch to record security agreements between a secured party and a debtor which refer specifically to a patent or a patent application and which are signed by the debtor. However, foreclosures by the secured party were not recorded because they were not signed by the debtor. Accordingly, before recording a foreclosure not signed by a debtor, the Assignment Branch required a Court order. This requirement forced the secured party to bring action in a court of law where otherwise Court action might not have been necessary.

To facilitate recording of foreclosures not signed by a debtor and avoid unnecessary court proceedings, the Office will record foreclosures which comply with all of the following criteria:

(1) Submission of the foreclosure document with original endorsement by the secured party, or a verified copy thereof;

(2) Identification of the patent by patent number or the patent application by serial number, or other acceptable identifier(s) as specified in 37 CFR 1.331(c), in the body of the foreclosure document itself or any addenda incorporated by reference;

(3) Reference to the security agreement recorded under 37 CFR 1.331; and

(4) Submission of a verified statement by a representative of the secured party stating that the patent or the patent application has been legally foreclosed on based upon the applicable state laws.

A foreclosure document complying with the above criteria will be deemed to be a recordable instrument in accordance with 37 CFR 1.331.

March 14, 1988

THERESA A. BRELSFORD
Assistant Commissioner
for Administration

Supreme Court, U.S.
FILED
MAR 23 2010
OFFICE OF THE CLERK

(4)

No. 09-819

In the Supreme Court of the United States

SAP AG AND SAP AMERICA, INC.,
Petitioners,
v.
SKY TECHNOLOGIES LLC,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

PAUL S. GREWAL
grewalp@howrey.com
Counsel of Record
LLOYD R. DAY, JR.
ROBERT M. GALVIN
RENEE DUBORD BROWN
HOWREY LLP
1950 University Avenue,
4th Floor
East Palo Alto, CA 94303
(650) 798-3500

Counsel for Petitioners
SAP AG and SAP America, Inc.
March 23, 2010

RULE 29.6 STATEMENT

Petitioners, SAP AG and SAP America, Inc., are publicly held companies. SAP AG is the parent corporation of SAP America, Inc. and holds more than 10% of the stock of SAP America, Inc. SAP AG has no parent corporation and no publicly held corporation holds more than 10% of SAP AG's stock.

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INTRODUCTION

The Court of Appeals for the Federal Circuit's creation of a new class of persons entitled to enforce a United States patent has abruptly displaced the plain language of Congress' scheme for patent ownership and enforcement with a scheme of its own devising. By treating the *federal* "in writing" requirement for assignments as subordinate to *state* law that requires no such writing at all, the Federal Circuit's decision destroys the settled expectations of countless patent owners and investors who rely upon the written assignment requirement to govern the transfer of patent ownership.

Since 1836, Congress, in certain and unchanged terms, has provided that a U.S. patent "*shall* be assignable in law" by an "instrument in writing." Patent Act of 1836, ch. 357, 5 Stat. 117, §11 (July 4, 1836) (Petitioners' App. at 89a)[1] (emphasis added); 35 U.S.C. §261. In no less certain terms, Congress has limited the authority to enforce that federal monopoly only to "assigns" and two other classes: "the patentee" and "his heirs." *See* 35 U.S.C. §154(a)(1), 281. The Federal Circuit's creation of a new class of state law "transfer[ee]s" entitled to standing to enforce a U.S. patent without a written assignment conflicts with this well-settled statutory framework as well as this Court's precedent holding that standing is limited to "none but these" classes. *See Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 40-41 (1923).

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[1] Petitioners' App., as used herein, refers to the appendix Petitioners submitted with their Petition for a Writ of Certiorari. Petitioners' Supplemental App. refers to the appendix submitted with this Reply.

As both *Amici Curiae* The Twenty-Second Century Foundation and the Independent Film & Television Alliance point out, the public, third parties, patent owners, patent purchasers, the United States Patent and Trademark Office, and the Courts, all rely on the clarity and certainty provided by Congress' written assignment requirement. *See Amici Curiae* Br. at 7. What is at stake here is therefore not only the fundamental jurisdictional question of who may invoke the Article III power of the federal courts but also the certainty of, what Respondent itself describes as a "virtually infinite number of secured transactions" involving patents. *See* Respondent's Br. at ii, 31.

Respondent argues that (i) certiorari should not extend to the Federal Circuit's decision because of the interlocutory nature of the appeal below; (ii) in seeking certiorari, Petitioners ask for a "sweeping" new rule of federal preemption; and (iii) the Federal Circuit's decision is consistent with "settled precedent." These arguments are without merit.

Because of the Federal Circuit's unique and exclusive jurisdiction over patent cases, only this Court's timely intervention can prevent the Federal Circuit's mistake from quickly spreading throughout the nation. *See Cardinal Chem. Co. v. Morton Int'l Inc.*, 508 U.S. 83, 89 (1993).

ARGUMENT

A. The Federal Circuit's decision is appropriate for this Court's review because it involves an issue "fundamental to the further conduct of this case"

When an issue is "*fundamental* to the further conduct of [a] case" this Court does not hesitate to review non-final judgments. *Land v. Dollar*, 330 U.S. 731, 735 n.2 (1947) (emphasis added). *Land*, for instance, involved a non-final judgment reinstating a dismissed case. *Id.* at 734. This Court nevertheless granted the petition for a writ of certiorari because of the importance of the question presented. *Id.* at 734.

Recently in *Sprint Communications Co. v. APCC Services, Inc.*, this Court reviewed a non-final judgment of the Court of Appeals for the District of Columbia Circuit involving a question of assignee standing. 128 S. Ct. 2531, 2535 (2008). As this Court explained, certiorari was appropriately granted because the D.C. Circuit's holding that the plaintiffs had standing as assignees involved one of "the most basic doctrinal principles"—Article III, §2's restriction that the federal "judicial Power" may only resolve "Cases" and "Controversies." *Id.* (citing U.S. Const. art. III, §2).

This case similarly presents an issue of standing that is "fundamental to the further conduct" of the case. If Respondent lacks standing, no further proceedings may occur before the District Court because it would lack the Article III power necessary to hear this case.

As this Court explained in *Crown Die*, under the Patent Act, only the "person or persons in whom legal title to the patent resided at the time of the infringement" have standing to sue for infringement. 261 U.S. at 40-41. Legal title, by the very terms of the Patent Act, can only be held by "the patentee, his assignee, his grantee, or his personal representative; and *none but these* are able to maintain an action for infringement in a court of law[.]" *Id.* (emphasis added); *see also* 35 U.S.C. §154(a)(1). The Federal Circuit's decision, however, ignores *Crown Die* and permits the states to create additional, non-statutory classes of patent owners—including "transfer[ee]s—who may take title without "an instrument in writing." 35 U.S.C. §261.

B. "Sweeping" new rules of federal preemption would result from a denial of certiorari, not a grant

This dispute arises from the Federal Circuit's flawed conclusion that the *states* and *foreign governments* may dictate who has standing to enforce *federal* patent rights. *See, e.g.* Respondent's Br. at 2; *Amici Curiae* Br. at 4. It is a wholly unnecessary dispute because, as the *Amici Curiae* point out, the Uniform Commercial Code ("U.C.C."), which the Federal Circuit relied on, applies only to *rights* in collateral, not *title* to collateral: "the provisions of this title with regard to rights and obligations apply *whether title to collateral is in the secured party or the debtor*." *Amici Curiae* Br. at 10 (citing U.C.C. §9-202 (Petitioners' Supplemental App. 1a)) (emphasis original). The U.C.C. does not "attempt to define whether the secured party is a 'legal' owner" and defers to "other rules of law" with respect to "location and source of title." U.C.C. §9-202 cmt. 3b (Petitioners' Supplemental App. 1a-2a); *see also Amici Curiae* Br. at 10.[2] Because Section 261's requirement that assignments must be "by an instrument in writing," is such a rule of law, the U.C.C. defers to it. *See Amici Curiae* Br. at 10-11.[3] Given the U.C.C.'s ubiquity, *see Delaware v. New York*, 507 U.S. 490, 503-04 (1993) (stating that the U.C.C. "is the law in all 50 states and the District of Columbia"), the Federal Circuit's misunderstanding of this fundamental principal underlying the U.C.C. is an issue of national importance.

Respondent highlights the national importance of harmonizing *federal* and *state* regulations of *federal* patent rights by the questions posed in its opposition, including whether the

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[2] Contrary to Respondent's assertions, the secondary sources that Respondent urges this Court to consider in support of the Federal Circuit's incorrect view of the U.C.C., *see, e.g.* Respondent's Br. at 31 (citing Thomas L. Bahrick, *Security Interests in Intellectual Property* ("Bahrick"), 15 A.I.P.L.A. Q. J. 30, 48 (1987)), acknowledge that the U.C.C. does not address questions of *title*. *See, e.g.*, Bahrick at 40 (stating that "[t]he UCC specifically provides that it supplies no answer to the question of whether title is in the debtor or the secured party upon the creation of a security interest" and that "the conventional security agreement does not operate to transfer title").

[3] While the definition of "patentees" includes "successors in title to the patentee," 35 U.S.C. §100(d) , any such successors cannot take title by operation of the U.C.C.'s provisions given that the U.C.C. explicitly defers to other rules of law regarding the "location and source of title." U.C.C. §9-202 cmt. 3b (Petitioners' Supplemental App. 1a-2a).

Section 261 written assignment requirement *preempts* contrary provisions of the U.C.C., and whether Section 154's list of patent owners precludes expansion by the states. *See* Respondent's Br. at i-ii. Respondent admits that these fundamental questions at the intersection of *federal* patent law and *state* commercial law may affect "a virtually *infinite* number of secured transactions" involving patents, Respondent's Br. at ii, 31 (emphasis added). For that very reason, this petition should be granted.

Petitioners agree with Respondent that the coexistence of competing *federal* and *state* regulations regarding the ownership of *federal* patent rights was "well-settled" before the Federal Circuit's decision. *See Id.* at 2. Although Respondent rightly points out that the Patent Act does not displace every state law relating to federal intellectual property rights, *Id.* at 16, Respondent fails to inform this Court that when "the question of standing in patent cases" is involved, courts rely on "*federal law,*" *not state law.* *See, e.g., Board of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832, 841 (Fed. Cir. 2009) (emphasis added).

As this Court has noted, while the states are free to provide additional safeguards to patent transfers beyond Congress' written assignment requirement, *see, e.g., Allen v. Riley*, 203 U.S. 347, 356 (1906), the states are forbidden from enacting laws that "nullif[y] the laws of Congress which regulate [their] transfer, and destroy the power conferred upon Congress by the Constitution." *Id.* at 355. This case squarely presents the Federal

Circuit's radical departure from this rule by allowing the *states* to circumvent Congress' rules for determining which parties have standing to assert *federal* patent rights.[4] *See, e.g.*, Petitioners' App. 15a.

C. The Federal Circuit's decision cannot be reconciled with this Court's precedent

This Court's landmark decisions interpreting the same language of the Patent Act at issue here cannot be dismissed merely because they "predate the first version of the UCC by as much as 100 years or more." Respondent's Br. at 20. Congress' repeated use of consistent language in Section 261 since 1870 requires courts to apply the decisions of this Court interpreting that language: "[w]e must give the words of the [patent] statute the meaning they had in 1870, the year in which the current version of §261 was enacted." *In re Cybernetic Servs., Inc.*, 252 F.3d 1039, 1048 (9th Cir. 2001) (citing *Perrin v. United States*, 444 U.S. 37, 42 (1979)).

The adoption of the U.C.C. by the states is not a talismanic event that revoked the Supremacy Clause. U.S. Const. art. VI, cl. 2. Ever since

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[4] The Federal Circuit's decision and Respondent's position also require this Court to affirm the Federal Circuit's untenable holding that although *federal* law governs Section 261's bona fide purchaser defense, *see Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.*, 284 F.3d 1323, 1327-28 (Fed. Cir. 2002), *state* law governs Section 261's written assignment requirement, upon which the bona fide purchaser defense is based.

Congress enacted the first Patent Act in 1790, the rule is that "state regulation of intellectual property *must yield* to the extent it clashes with the balance struck by Congress in our patent laws." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989) (emphasis added). To the extent the U.C.C. is contrary to this Court's interpretation of the Patent Act's language,[5] it is the U.C.C. that must yield.

The Federal Circuit's decision, however, requires *federal* patent law to yield to *state* creditor law. This, being contrary to this Court's precedent, is beyond the Federal Circuit's ability to decree, *see, e.g., State Oil Co. v. Kahn*, 522 U.S. 3, 22 (1997), and requires the rejection of *four* of this Court's essential precedents interpreting the language of the Patent Act: *Ager v. Murray*, 105 U.S. 126 (1881), *Waterman v. Mackenzie*, 138 U.S. 252 (1891), *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933), and *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 40-41 (1923).

In *Ager*, this Court held that creditors under *state* law needed a written assignment to obtain a debtor's patent rights: "[t]he debtor's interest in the patent-rights is property, *assignable* by him, and which *cannot be taken on execution at law*." 105 U.S. at 131 (emphasis added). When a debtor was unwilling or unable to execute the written assignment required by the Patent Act, this Court held that the creditor's remedy was to seek the appointment of a trustee to execute the written assignment. *Id.* The Federal Circuit, however, rejected this Court's holding and ruled that creditors need not seek a written assignment following foreclosure on a security interest in a patent. Petitioners' App. 10a-11a.

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[5] The U.C.C., properly interpreted, is entirely consistent with this Court's decisions because the U.C.C. deals with *rights* in collateral, not *title* to collateral. *See, e.g., Amici Curiae* Br. at 5-8; U.C.C. §9-202 (Petitioners' Supplemental App. 1a-2a).

In *Waterman*, this Court held that only one possessing (1) "the whole patent," (2) an "undivided part of share" of a patent, or (3) the "exclusive right under the patent within and throughout a specified part of the United States" had standing to sue for patent infringement. 138 U.S. at 255. This Court explained that "a *transfer* of either of these three kinds of interests is *an assignment*" that provided the assignee with "a right to sue infringers." *Id.* (emphasis added). Although *Waterman*'s holding is as valid today as in 1891, *see e.g.*, *Cybernetic Servs.*, 252 F.3d at 1051-1052, the Federal Circuit disregarded its holding by differentiating between unwritten "transfers" and written "assignments." *See* Petitioners' App. 11a.

Following *Waterman*, this Court again made clear that "[a] patent is property, and title to it can pass *only by assignment*." *Dubilier*, 289 U.S. at 187 (emphasis added); *see also Oliver v. Rumford Chem. Works*, 109 U.S. 75, 82-83 (1883) (noting that an "assignment" involves a transfer of patent title). This Court explained that even if an inventor was "employed to make an invention," his or her employer would still need a written assignment to transfer any patent rights. *Id.* In contrast to the

Federal Circuit, this Court drew no distinction between unwritten "transfers" and written "assignments."

The only distinction of *Dubilier* that Respondent offers is this Court's statement that a valid contract to assign patent rights can be "specifically enforced." Respondent's Br. at 27 (citing *Dubilier*, 289 U.S. at 187). Rather than distinguish this Court's decision, it underscores this Court's consistent approach to Congress' written assignment requirement. Just as a creditor may need a court appointed trustee to execute a post-foreclosure written assignment from a debtor-patentee, *see Ager*, 105 U.S. at 131, so too may a party need a court to order specific performance of a contract agreeing to assigning patent rights. *Dubilier*, 289 U.S. at 187. This, in no way, alters this Court's holding that patent title "can pass *only by assignment*." *Id.* (emphasis added).

Finally, in *Crown Die*, this Court held that only the set of persons that Congress had specified as patent owners could sue for patent infringement. 261 U.S. at 40-41. These patent owners were "the patentee, his assignee, his grantee, or his personal representative."[6] *Id.*; *see also* 35 U.S.C. §154(a)(1) (providing for the patent grant to a "patentee, his heirs, or assigns"). The Federal Circuit, however, wholly ignored this binding precedent and simply dismissed the Patent Act as "not restrict[ing] patent ownership to these three classes of individuals" and not "addressing *transfers* of ownership." Petitioners' App. 14a (emphasis added).

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[6] A "grantee" is an "assignee" that only has an "exclusive territorial interest in the patented invention." *Moore v. Marsh*, 74 U.S. 515, 521 (1868). A "personal representative" is the representative of a deceased or incapacitated patent owner. *See* Patent Act of 1870, ch. 230, 16 Stat. 198-217, §34 (July 8, 1870), Revised Stat. §4896 (App. 91a); 35 U.S.C. §117.

CONCLUSION

Petitioners respectfully urge this Court to grant their Petition for a Writ of Certiorari to correct the Federal Circuit's error before it is followed and perpetuated throughout the nation.

Respectfully submitted,

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Appendix A
Uniform Commercial Code §9-202

Sec. 9-202. Title to Collateral Immaterial.

Except as otherwise provided with respect to consignments or sales of accounts, chattel paper, payment intangibles, or promissory notes, the provisions of this article with regard to rights and obligations apply whether title to collateral is in the secured party or the debtor.

OFFICIAL COMMENT

1. **Source.** Former Section 9-202.

2. **Title Immaterial.** The rights and duties of parties to a secured transaction and affected third parties are provided in this Article without reference to the location of "title" to the collateral. For example, the characteristics of a security interest that secures the purchase price of goods are the same whether the secured party appears to have retained title or the debtor appears to have obtained title and then conveyed title or a lien to the secured party.

3. **When Title Matters.**

a. **Under This Article.** This section explicitly acknowledges two circumstances in which the effect of certain Article 9 provisions turns on ownership (title). First, in some respects sales of accounts, chattel paper, payment intangibles, and promissory notes receive special treatment. *See, e.g.*, Sections 9-207(a), 9-210(b), 9-615(e). Buyers of receivables under former Article 9 were treated specially, as well. *See, e.g.*, former Section 9-502(2). Second, the remedies of a consignor under a true consignment and, for the most part, the remedies of a buyer of accounts, chattel paper, payment intangibles, or promissory notes are determined by other law and not by Part 6. *See* Section 9-601(g).

b. **Under Other Law.** This Article does not determine which line of interpretation (e.g., title theory or lien theory, retained title or conveyed title) should be followed in cases in which the applicability of another rule of law depends upon who has title. If, for example, a revenue law imposes a tax on the "legal" owner of goods or if a corporation law makes a vote of the stockholders prerequisite to a corporation "giving" a security interest but not if it acquires property "subject" to a security interest, this Article does not attempt to define whether the secured party is a "legal" owner or whether the transaction "gives" a security interest for the purpose of such laws. Other rules of law or the agreement of the parties determines the location and source of title for those purposes.

Supreme Court, U.S.
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In The
Supreme Court of the United States

◆

SAG AG and SAP AMERICA, INC.,

Petitioners,

v.

SKY TECHNOLOGIES, LLC,

Respondent.

◆

On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

◆

BRIEF OF *AMICI CURIAE* THE TWENTY-SECOND CENTURY FOUNDATION AND THE INDEPENDENT FILM & TELEVISION ALLIANCE IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

◆

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INTEREST OF *AMICI CURIAE*[1]

The Twenty-Second Century Foundation, Inc. is a non-profit corporation created to advance fair and effective commercial utilization of information in the United States and internationally. The Foundation's Board of Directors and members include educators, authors and practicing attorneys with extensive academic and practical experience in the interaction between intellectual property law and commercial law, including the Uniform Commercial Code. Foundation members have authored several treatises on the subject, including, Prof. Raymond T. Nimmer & Jeff C. Dodd, *Modern Licensing Law* (2010 ed.) and Lorin Brennan, Holly K. Towle, Joel Rothstein Wolfson, *Commercial Information Law: The Complete UCITA* (2004). The Foundation is committed to assisting the orderly development of intellectual property and commercial law and policy to support innovation and commercialization worldwide. It is concerned that the decision below could impair that development.

The Independent Film & Television Alliance (IFTA) is a trade association representing independent motion picture and television producers and distributors worldwide. IFTA members have produced and distributed Academy Award® winning motion pictures such as *Crash*, *No Country for Old Men*, *Million Dollar Baby*, *Amadeus*, *The Last Emperor* and many others. IFTA members include major banks and financial services companies involved in motion picture and intellectual property financing. On behalf of its members, IFTA has been actively involved in the work of the United National Commission on International Trade Law (UNCITRAL) in developing an Intellectual Property Supplement to the UNCITRAL Legislative Guide on Secured Financing. These instruments, like domestic law, tend to treat all types of intellectual property under comparable financing rules. Thus, while this case is specifically about patents, the issues involved could nonetheless impact the effect of a security interest on chain of title for other intellectual property interests, such as copyrights and trademarks, and have domestic and international implications of importance to IFTA members.

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[1] Pursuant to Supreme Court Rule 37.6, *Amici* state that no counsel for either party has authored any portion of this brief and no person or entity, other than *Amici*, has made any monetary contribution to the preparation or submission of this brief. Counsel for parties were given timely written notice of intent to file this Brief more than 10 days before the filing of this brief and neither party has objected. Statements of consent from all parties to the filing of this brief have been submitted to the Clerk.

◆

SUMMARY OF THE ARGUMENT

This case raises an important issue regarding the relationship between federal patent law and state secured transactions financing law: Can state law (Article 9 of the Uniform Commercial Code ("UCC")) create a system for transferring patent *title* under a security interest which supersedes the express provisions in the Patent Act, 35 U.S.C. § 261? Until this decision, both the Patent Act and the UCC have answered, "No." While this case involves patents, the UCC does not distinguish between types of intellectual property as such, so it could also impact copyrights and federally registered trademarks.

In order to establish patent chain of title, in principle under the Patent Act parties should be able to rely on the records in the Patent and Trademark Office (PTO), including for security interests. The decision below places the Federal Circuit in the position of endorsing a new *state-law created* property right in patents – the security interest "license" – which transfers *patent legal title* by operation of state law on foreclosure with priority over competing assignments recorded in the PTO.

The implications for clearing patent chain of title are profound. A secured creditor under a patent security interest that is not recorded in the PTO, or its successor in title by unrecorded foreclosure, under this decision can lay claim to patent title with priority over those who rely on the title records in the PTO. Parties will not be able to treat the records in the PTO as sufficient to determine patent ownership.

The decision below also failed to consider the international implications. If a patent security interest is now subject to UCC Article 9, then it must also be subject to its choice of law rules. Under the UCC, priority of a security interest in a patent is determined by the law where the debtor is "located." Thus, if the debtor granting the patent security interest is a *foreign* national, then, with some qualifications, *foreign* law will determine the priority of a security interest in a *U.S.* patent against a *U.S.* national who relies on the records in the *US*PTO.

The decision below was led into error because it did not accurately address the conceptual basis for a modern security interest. When the UCC was adopted it eliminated location of *title* as a means of determining rights and obligations in favor of functional rules based on *rights*. Under the UCC "rights in collateral" is *not* the same as "title to collateral." Instead, the UCC expressly defers to asset property law to deal with formalities of title.

A foreclosure sale on a patent must comply with the formalities in Patent Act § 261 to pass patent legal title.

The decision below misstates both patent law and UCC law with potentially serious consequences. Respectfully, review should be granted.

◆

ARGUMENT

I. THE DECISION BELOW WILL DISRUPT THE PATENT LAW SYSTEM FOR DETERMINING TITLE OWNERSHIP

By creating a parallel means of transferring title outside the federally mandated PTO filing system, the decision below compromises the reliability and effect of the PTO system.

The decision below reflects a continuing misunderstanding in the lower courts about the relation between the law governing conveyances of intellectual property, in particular "assignments, grants and conveyances" of patents under Patent Act § 261 (35 U.S.C. § 261), and the law for creating and enforcing security interests in Article 9 of the Uniform Commercial Code ("UCC"). Although this case is specifically about patents, the UCC does not differentiate between patents, copyrights and trademarks as such, and the decision below has implications for resolving chain of title for all intellectual property, including copyrights and federally registered trademarks.

It is a fundamental principle of the UCC that a security interest deals in *functional rights* not *formalities of title*. As such, the UCC specifically defers to asset property law – in this case federal patent law – for the formalities needed to create and enforce a security interest with respect to patent *title*. In failing to recognize this difference, the decision below conflicts with both patent and UCC law. The consequence could be a severe disruption in commercial practices used to establish chain of title and thereby resolve the indispensable issue in patent law: who holds legal title and resulting ability to deal in the patent?

Parties dealing in a patent should be able to rely on the records in the Patent and Trademark Office (PTO) to determine patent ownership. However, *In re Cybernetic Services, Inc.*, 252 F.3d 1039, 1052 (9th Cir. 2001), cert. denied, 534 U.S. 1130, 122 S.Ct. 1069, 151 L.Ed.2d 972 (2002), held that a security interest is a "mere license" under patent law and hence out- side the requirements and priority rules of Patent Act § 261. Scholars have questioned this result as it "ignores that to enforce a security interest against an asset often requires foreclosure and *assignment* of the underlying asset to a foreclosure buyer." Raymond T. Nimmer, *Revised Article 9 and Intellectual Property Asset Financing*, 53 Me. L. Rev. 328, 336-337 (2001) (emphasis added). A security interest *license* should not be capable of assigning patent *title* on foreclosure under *Waterman v. Mackenzie*, 138 U.S. 252, 255, 11 S.Ct. 334, 34 L.Ed. 923 (1891). Instead, consistent with *Waterman*, a UCC security interest should be treated as a conditional or equitable *assignment* for purposes of patent law, as noted in *Prima Tek II, LLC v. A-Roo Co.*, 222 F.3d 1372, 1378 (Fed. Cir. 2000). As such, a security interest would still be an "assignment, grant or conveyance" subject to Patent Act § 261 for purposes of its creation, priority and disposition on foreclosure.

The decision below now undoes this reasoning. A security interest is still a type of *property* right. *See Wojcik v. City of Romulus*, 257 F.3d 600, 610 (6th Cir. 2001). As such, the decision below effectively endorses a new state law property right in federal patents – the security interest "license." This "license" then "transfers" *patent legal title* by operation of state law on foreclosure without the need to comply with Patent Act § 261 and with resulting priority over those who do. One cannot overstate the devastating impact on the integrity of the PTO records for establishing chain of title. It means a secured creditor under a "secret," *i.e.* unrecorded in the PTO, "security interest license," or its successor by unrecorded foreclosure sale, may hold claim to patent legal title with priority over those who do record in the PTO. As such:

- PTO examiners can no longer rely on the recorded documents in the PTO to ensure they are dealing with the true legal owner when processing applications.
- Third parties seeking a license cannot be sure the party shown as legal owner on PTO records is in fact empowered to grant licenses.
- Bona fide purchasers of the patent can no longer rely on the PTO records as sufficient to clear title in acquiring a patent.
- Patent owners cannot rely on just the records from the PTO to prove chain of

title needed for standing to sue in an infringement action.

Also troubling is the international impact. If patent security interests are subject solely to the UCC Article 9, then they must also be subject to its choice of law rules. Under UCC § 9-301(1), the law governing priority of a security interest in intellectual property (as "general intangibles") is the law of the jurisdiction where the debtor is "located." Under UCC § 9-306 determining "location" is a technical issue, but in many cases if the debtor granting the patent security interest is a foreign national, then *foreign law* could determine priority of this "security interest license" in a *U.S.* patent as against a *U.S.* national relying on the integrity of the records in the *US*PTO.

The point is the decision below has broad implications on how parties resolve chain of title for patents when a security interest is involved. The decision below did not consider these implications, but they could have severe negative consequences for U.S. interests unless corrected by this Court.

II. THE DECISION BELOW CONFLICTS WITH OTHER DECISIONS REGARDING HOW THE UCC TRANSFERS TITLE ON FORECLOSURE

The decision below fails to apply the proper relationship between *title to collateral* used to establish standing to sue under patent law and functional notions of *rights in collateral* in UCC secured financing law. This led the court below to misstate how a UCC foreclosure sale actually affects title to collateral.

Under pre-UCC law, the location of title to collateral in debtor or creditor had a profound effect on the remedies available for creditor misbehavior on foreclosure.[2] The issue was controversial. Rather than choose sides, the UCC eliminated "location of title" as the conceptual fulcrum for determining rights and obligations under a security interest and instead focused on functional rules based on "rights." Thus, a UCC security interest is conceived as a *right* in collateral, with functional rules about how parties exercise this right independent of the formalities of location of title.

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[2] This was the famous "title-lien" debate. A "title mortgage" gave *legal title* to the creditor leaving the debtor with an equity of redemption ("equitable title"). Creditor misbehavior impaired the debtor's equitable title, only allowing a right in equity to have the fair value applied to the debt. A "lien mortgage" gave the creditor a "special property right" (like an "equitable title") leaving *legal title* with the debtor. Creditor misbehavior was a conversion of the debtor's legal title, eliminating any deficiency as a sanction. *See Metheny v. Davis*, 107 Cal.App. 137, 139-140, 290 P. 91 (1930) (describing differences). Obviously, "title" mortgages favored creditors, while "lien" mortgages favored debtors. The states took different positions on which type of mortgage was preferable. *See* Lorin Brennan, *Financing Intellectual Property Under Federal Law*, 23 Hastings Comm/Ent L.J. 195, 210-214 (2001) discussing history and relationship to *Waterman* decision regarding location of legal title and resulting standing to sue under a patent mortgage.

Under this approach, the UCC specifically leaves issues of *title* to the property law applicable to the asset. UCC § 9-202 says (emphasis added): " . . . the provision of this article with regard to rights and obligations apply *whether title to collateral is in the secured party or debtor.*" As Official Comment 3.b to § 9-202 adds (emphasis added): "[T]his Article does not attempt to define whether the secured party is a 'legal' owner . . . *Other rules of law or the agreement of the parties determines the location and source of title for those purposes.*" As a result, UCC Article 9 emphatically does not address formalities of location of title for resolving issues not germane to rights and obligations under a security interest, in particular standing to sue for patent infringement.

Thus, when creating a security interest, UCC § 9-203(b)(2) says it only attaches to the extent "the debtor has rights in collateral . . . " "Rights" are the measuring rod, not "title." As Official Comment No. 6 to § 9-203 explains, "[a] debtor's limited rights in collateral, short of full ownership, is sufficient . . . " Under Patent Act § 261, a patentee only has the *right* to assign patent legal title in writing. A foreclosure can dispose of no greater rights than those to which the security interest attached. *Septembertide Publishing, B.V. v. Stein and Day, Inc.*, 884 F.2d 675, 681-682 (2nd Cir. 1989). The UCC does not purport to create a "super-right" to make an "oral transfer" of patent legal title on foreclosure when a security interest could never attach to such an "oral patent transfer right" in the first instance.

Similarly, when it comes to foreclosure, UCC § 9-671(a)(1) says that a "secured party's disposition of collateral after default . . . [t]ransfers . . . all of the debtor's rights in the collateral." Under the functional approach in the UCC, *rights in collateral* is not the same as *title to collateral*. To the contrary, the UCC defers to asset property law to determine how the parties to a foreclosure sale must exercise the debtor's rights in collateral to accomplish a transfer of title.

The point is: title to goods in a foreclosure sale does not pass "automatically by operation of law" but occurs consistent with the rules in applicable asset property law.

The same should apply to patents. "Indeed, the necessity of a writing, like the necessity of an automobile certificate or a deed, to effect a valid transfer of a patent right has long been a matter of hornbook law." *United States v. Solomon*, 825 F.2d 1292, 1296 (9th Cir. 1987), cert. denied, 484 U.S. 1046, 108 S.Ct. 782, 98 L.Ed.2d 868 (1988). The decision below, in holding that a foreclosure sale passes patent legal title "by operation of law" without the necessity of complying with the formalities of underlying asset property law in Patent Act § 261, is in conflict with the language and policy of the UCC and an array of decisions reaching contrary results for foreclosure sales on goods, automobiles and liquor licenses.

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CONCLUSION

The decision below threatens to disrupt the integrity of the recording system in the PTO needed to prove patent chain of title in a way patent law does not allow and the UCC does not want. Only this Court can rectify this serious error. It is respectfully requested that review be granted.

Respectfully submitted,

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